

BUSINESS WEEK

FEB. 7, 1948



Harry B. Coffee: Omaha meat is going up, too—in volume (page 6)



BUSINESS
WEEK
INDEX

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The Cavalcade of Oil

NUMBER TWO OF A SERIES

INDIANS of the late seventeenth century at the Seneca Oil Spring in Pennsylvania applying petroleum as a natural therapy. The seepages were used for fire tipping arrows and also as war paint.

The vast oil fields of America, once manifested by surface shows atop springs, pits, and creeks, were looked upon as "health and life-giving baths" by the Indians who used these petroleum seepages as medication for themselves and their livestock. The oil seepages and tarpits of the frontier represented an untold wealth that was to be the cornerstone of an American prosperity and economy . . . the envy of all the world.


American ingenuity led to the discovery of the many uses to which petroleum could be put, then devised ways to produce oil

in quantity. The modern era of petroleum's production history began with the twentieth century and in the following decades miracles were wrought in the oil industry. One such miracle, the introduction of the Hughes Rock Bit in 1909, revolutionized the oil industry by making possible volume production with rotary drilling through previously impenetrable geological formations. Since volume production of petroleum was made possible by rotary drilling, Hughes Rock Bits have become known and accepted as "WORLD STANDARD OF THE INDUSTRY."



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HOUSTON, TEXAS

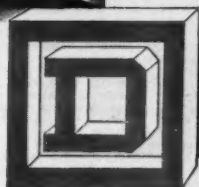
WORLD STANDARD OF THE INDUSTRY

A detailed black and white illustration of a man in industrial work clothes, including a cap with a headlamp, overalls, and heavy boots. He is carrying a large cylindrical object under his arm and a lantern in his right hand. The background shows a city skyline with smokestacks and a ship.

It's a good thing he
doesn't dress for every
industry he serves

He's a Square D Field Engineer. There are others like him in Square D branches in more than 50 principal cities of the United States, Canada and Mexico. These men are liaison between Square D and industrial America. Their full-time job is contacting industries of every type and size. It is through them that we are able to do our job effectively. That job is three-fold: To design and build electrical distribution and control equipment in pace with present needs—to provide sound counsel in the selection of the right equipment for any given application—to anticipate trends and new methods and speed their development.

If you have a problem in electrical distribution or control, call in the nearby Square D Field Engineer. He makes a lot of sense in finding "a better way to do it."



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Blue Ribbon Distributor by
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**DURABILITY—Compactness—
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of Repair—Interchangeable Parts—from
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2. NATIONWIDE SERVICE. There are 207 authorized Lindsay Body Builders, thus, you can get complete factory service on any Lindsay Body any place in the country. Your branch offices can also buy new bodies locally and know that they conform in every way to your standard specifications.

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4. STRENGTH & SAFETY. LS has an amazingly high strength-weight ratio. A Lindsay Body withstands wear—saves weight—increases payload.

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7. EXPERIENCE. Lindsay Bodies stand the test of actual service. The strongest and most frequently heard reason given for the purchase of Lindsay Bodies last year was—"We've used them before."

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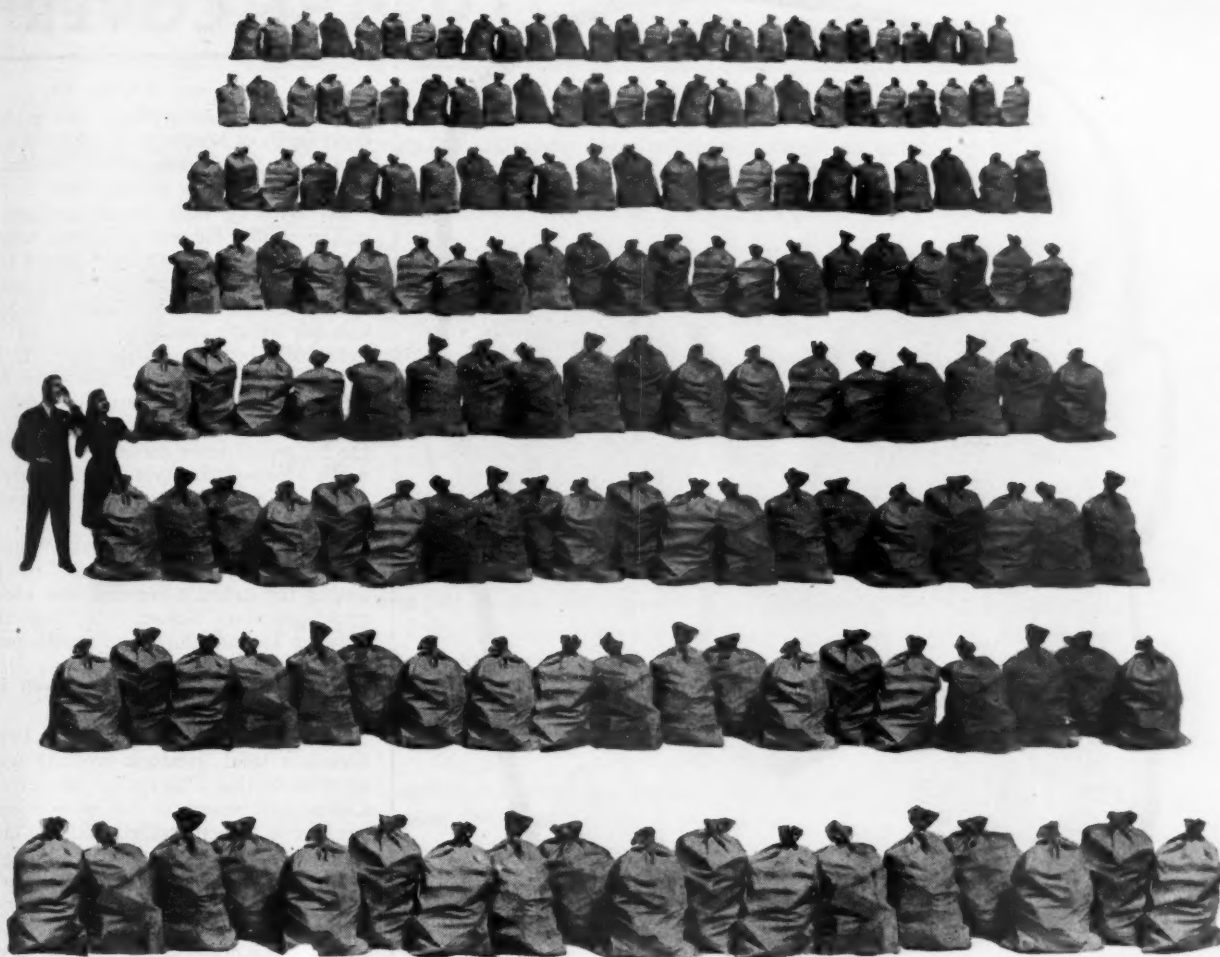
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BUSINESS WEEK • Feb. 7, 1948



**\$1,700,000,000 from investors
for new telephone facilities
in the last two years**

THERE are one hundred and seventy bags in this picture. Suppose each bag contained ten million dollars.

That would make \$1,700,000,000—the amount that investors have furnished for the expansion and improvement of your telephone service in the last two years. Further substantial amounts are being invested this year.

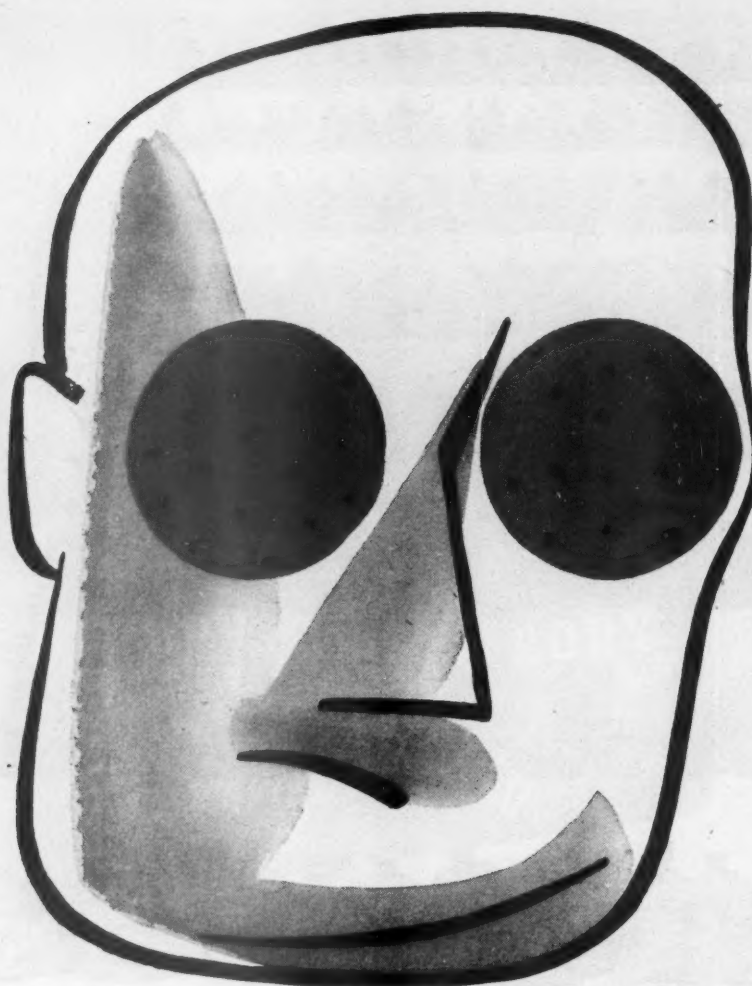
Investors put their money in the telephone business in the hope of security and a reasonable return. Every telephone user shares the benefits in more and better telephone service.

In the Bell System, the term investors means hundreds of thousands of small investors in every walk of life and in every section of the country—men and women just like yourself. The telephone business has been built by the savings of the many rather than the wealth of the few.

The large sums that have been put into new facilities in the last two years alone give you some idea of the cost of providing and improving telephone service. The instrument in your home and the few wires you see are only a small part of the \$257 investment behind every telephone.

BELL TELEPHONE SYSTEM





paper buyers—paper makers ... ever have spots before your eyes?

Spotted paper is usually due to unaged wood ... a natural outgrowth of the speed demanded of paper makers today.

But you should know that pitch troubles can be stopped before they start. By adding, at the paper beaters, a small amount of Monsanto's Mertanol 7L, a synthetic organic sulfonic acid product, two way pitch control is achieved ...

- by helping to keep pitch dispersed
- by absorbing pitch physically

If you suffer from paper pitch ... through spotted paper, or in your own mill operations with plugged screens and wire, stuck paper on drying rolls and dry cans ... we suggest you use the handy coupon below to find out all about Mertanol 7L. Mertanol; Reg. U. S. Pat. Off.



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- Merrimac Division, Boston 49, Mass. •
- Please send me information about Mertanol for better •
- paper manufacture. I am in the _____ business. •
- Name _____ •
- Company _____ Title _____ •
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- City _____ State _____ •
- •

THE COVER

Harry Buffington Coffee, 58, is a genuine Nebraska cowboy. His father drove herds of longhorns up dusty trails from Texas. Harry was born on his dad's windswept ranch in Sioux County.

He spent his early life on the range, in the saddle. He was a farmer, stockman, rancher long before he entered the University of Nebraska. When he graduated, he took over the Coffee Cattle Co., his father's concern.

In 1935 he was elected to the U. S. House of Representatives. He stood for retrenchment, free private enterprise, strengthening of antimonopoly laws, the reciprocal trade program.

• **His Meat**—Coffee quit politics to take over the presidency of Union Stockyards Co. of Omaha.

In his five years at this job, Omaha has ranked second only to Chicago among the nation's livestock and meat-packing centers. Before, it had wavered between second, third, and fourth positions.

Second place isn't good enough for Coffee. He's out to make it first.

Here's why he's hopeful. In 1941, Omaha's total livestock receipts were 97.95% behind Chicago's. Last year, as Coffee will report to his stockholders next week, the city trailed Chicago only 11.88%. Coffee reports that Chicago's total livestock receipts for 1947 were 7½% less than in 1946. Omaha gained 3% in the same period. Over \$1-million of business is done each market day at the South Omaha Livestock Exchange. Last year's high prices brought receipts from nearly 6-million head of cattle, hog, and sheep to an estimated \$570-million.

Consolidated net earnings of Union Stockyards—and its subsidiary, South Omaha Terminal Ry.—came to \$606,016 in 1947. Dividends were \$5.39 a share on 112,500 shares of capital stock.

• **Bright Outlook**—Coffee has other reasons for his faith in Omaha's future. Two-thirds of the nation's livestock, he says, is produced west of the Mississippi; two-thirds of it is consumed east of the Mississippi. With 10 main railroad lines, Omaha is right on the spot to catch the livestock as it passes. He looks to the development of the Missouri River Basin and other irrigation projects to help the boom along.

Omaha is getting set right now for expansion. Stockmen propose a big hotel just for stockmen—also a large trucking service plant. Armour, Swift, Cudahy, and Wilson are all in Omaha. New packers are moving in.

• **Cowboy at Heart**—But with all his industrial ambitions for Omaha, Coffee still has cowboy leanings. Twice a year, he and his wife retire to his 19,000-acre ranch, just to relax.

BUSINESS OUTLOOK

BUSINESS WEEK
FEBRUARY 7, 1948



Industry's staggering expenditure for plant and equipment continues a key factor in our economy. Here are some major aspects:

(1) It emphasizes how immense is the job of building for the postwar market (not to mention problems of marketing the new production).

(2) It shows anew how all industry prospers from expenditures in hard-goods lines, particularly on production equipment.

(3) It dramatizes the role of profits in today's expansion; planning rests more and more on ability to plow back earnings.

(4) It warns of the impact if spending suddenly should be cut.

All this points up McGraw-Hill's survey of industry's capital expenditure plans, analyzed in a Report to Executives this week (pages 65-72).

Corporations now have plans for smaller outlays on plant and equipment in 1949. Yet don't rule out additions to budgets as we go along.

It's wise not to plan too big for expansion too far into the future. In 1946 and 1947, revision of programs consistently was upward as the time came to convert expansion plans into budgeted cash.

Getting the cash, of course, always is an item. Stock prices don't favor new issues. Bank loans are tighter. That's where profits come in.

Now suppose industrial expansion does slow down in 1949. That doesn't necessarily mean the beginning of a depression.

This postwar program has been to build what had to be neglected during the war and the depression that preceded it. Size of the job had to be revised upward time after time; nobody had dared believe the market would turn out as big as it is.

Some day, capacity will catch up with demand. The point is to know when that happens, not to overbuild.

If we time it right, we then shift from catching up with demand into normal growth and replacement. These needs should keep capital expansion at a healthy level—even though they may not preserve the boom.

One danger in the present industrial expansion is that of a manufacturer or an industry outrunning its sources of raw materials.

Take the metalworking lines. They may be able to eke out with imported copper, lead, and zinc. (We slid by on imported copper in 1947.)

When it comes to steel, though, the problem is even more complicated. Suppose steel expansion is keeping up with needs, despite the arguments. Will there be enough high-grade iron ore and scrap to feed the furnaces?

Something for management to watch in expanding and in replacing old equipment is price. Adding volume and cutting unit costs through technological advance is all to the good, but there are limits.

If a plant adds to output without adding proportionately to its wage bill, it obviously can cut cost per unit. If it keeps running at the limit of its new capacity, this has the effect of lowering the break-even point.

But if volume falls off, this advantage might vanish. Overhead would not go down. High-cost equipment then may not pay its own way.

Construction activity seems to be holding up very well in the face of

BUSINESS OUTLOOK (Continued)

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adverse weather. Dept. of Commerce tabs "value put in place" in January at \$1.1-billion (preliminary).

That, if borne out by complete figures, would be down less than seasonally from December; and, what is more striking, 32% above January, 1947.

Dwelling units are listed as the main factor in the total. That can mean but one thing: Contractors are finding the going a little easier in getting materials, hence are pushing completions.

Developments on the supply-and-demand front are of interest. Even when they don't affect prices, they mean changes in selling policy.

Tire manufacturers have just taken action that highlights this.

Inventories of tires still are below normal. Consequently manufacturers haven't felt the need to cut operations. But demand is receding.

Result: "Spring dating" is back again. Dealers are being offered tires for immediate delivery. But they won't be billed until April or May or June, depending on how their contract reads.

Idea is to stimulate trade in the slow winter months. There is no interest or carrying charge, just the invitation to stock up for spring.

Price changes the last few days reflect conflicting trends.

Brass mill products are up. That reflects the rise in zinc which was forecast (BW-Jan.3'48,p10). Government stockpiling cleaned up a market that had been in ample supply before.

On the other hand, Philco cut its new model radios and refrigerators.

With radios, price competition has been spreading (BW-Jan.31'48, p48). Now it is felt in consoles as well as table models—but not in the very high-priced sets.

In refrigerators, we are not yet entering a buyers' market. Yet manufacturers' costs are down and keener competition is anticipated.

It may be like taking a sling shot to go after bear, but the government is advocating one way to boost food output and reduce food bills:

It urges 20-million home gardens this year—back to a wartime level.

Snow storms the last three weeks have gone a long way toward helping good winter wheat yields next summer.

The heavy snows came barely in time to protect the crop from severe freezes. And their melting will provide next spring's moisture.

In addition, this holds promise of subsoil moisture for corn planting.

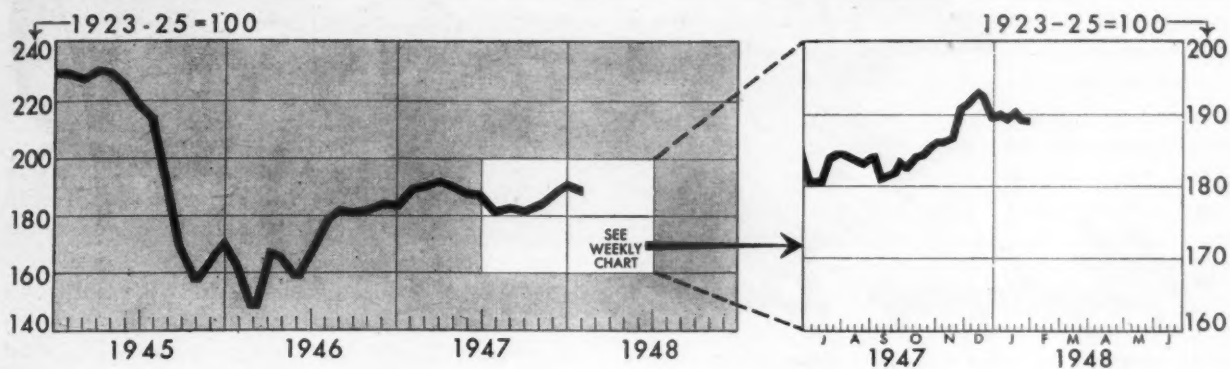
Instalment sales have risen almost to their prewar peak. But, under present conditions, they are an excellent risk.

An increase of \$423-million in December pushed the time-sales total up to \$6,152,000,000. That is only \$214-million below the peak.

In different times, that might be a hazard. But today's consumer incomes bulwark collections. Besides, housing being as hard to get as it now is, not many borrowers can skip out on their debts.

But lenders, with no real loss experience since the thirties, should not become careless. Tales are heard on every hand of tiny down payments.

FIGURES OF THE WEEK



Business Week Index (above) *189.5 †189.6 190.5 191.2 162.2

PRODUCTION

Steel ingot operations (% of capacity)	94.0	95.2	94.8	93.4	97.3
Production of automobiles and trucks	97,137	†110,774	65,573	94,114	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$17,739	\$16,150	\$15,172	\$16,257	\$19,433
Electric power output (million kilowatt-hours)	5,429	5,436	4,868	4,777	3,130
Crude oil (daily average, 1,000 bbls.)	5,318	5,336	5,291	4,650	3,842
Bituminous coal (daily average, 1,000 tons)	2,033	†2,180	1,700	2,200	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars)	78	81	84	81	86
All other carloadings (daily average, 1,000 cars)	51	55	56	56	52
Money in circulation (millions)	\$28,086	\$28,211	\$28,863	\$28,265	\$9,613
Department store sales (change from same week of preceding year)	+3%	†+4%	+28%	+17%	+17%
Business failures (Dun & Bradstreet, number)	91	109	58	65	228

PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100)	442.5	447.5	450.1	382.8	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)	287.9	287.6	288.6	267.6	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)	409.4	414.8	415.9	305.8	146.6
Finished steel composite (Steel, ton)	\$78.59	\$78.41	\$78.05	\$69.82	\$56.73
Scrap steel composite (Iron Age, ton)	\$40.83	\$40.83	\$40.00	\$31.67	\$19.48
Copper (electrolytic, Connecticut Valley, lb.)	21.500¢	21.500¢	21.500¢	19.617¢	12.022¢
Wheat (Kansas City, bu.)	\$2.97	\$3.04	\$2.95	\$2.11	\$0.99
Sugar (raw, delivered New York, lb.)	5.59¢	5.65¢	6.32¢	6.12¢	3.38¢
Cotton (middling, ten designated markets, lb.)	34.48¢	34.51¢	35.50¢	32.09¢	13.94¢
Wool tops (New York, lb.)	\$1.884	\$1.884	\$1.880	\$1.521	\$1.281
Rubber (ribbed smoked sheets, New York, lb.)	21.25¢	21.18¢	22.81¢	25.75¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.)	116.1	114.2	120.9	125.1	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's)	3.53%	3.53%	3.54%	3.12%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's)	2.87%	2.86%	2.87%	2.56%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	1½%	1½%	1½%	1½-1½%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	1½-1½%	1½-1½%	1½%	1%	1-1½%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks	48,833	48,970	48,685	46,552	††27,777
Total loans and investments, reporting member banks	64,953	65,530	64,816	64,167	††32,309
Commercial and agricultural loans, reporting member banks	14,727	14,761	14,658	11,599	††6,963
Securities loans, reporting member banks	1,485	1,470	1,674	2,374	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks	37,323	37,886	37,227	40,642	††15,999
Other securities held, reporting member banks	4,236	4,250	4,260	3,959	††4,303
Excess reserves, all member banks	1,050	1,070	1,590	663	5,290
Total federal reserve credit outstanding	22,658	22,227	23,181	24,514	2,265

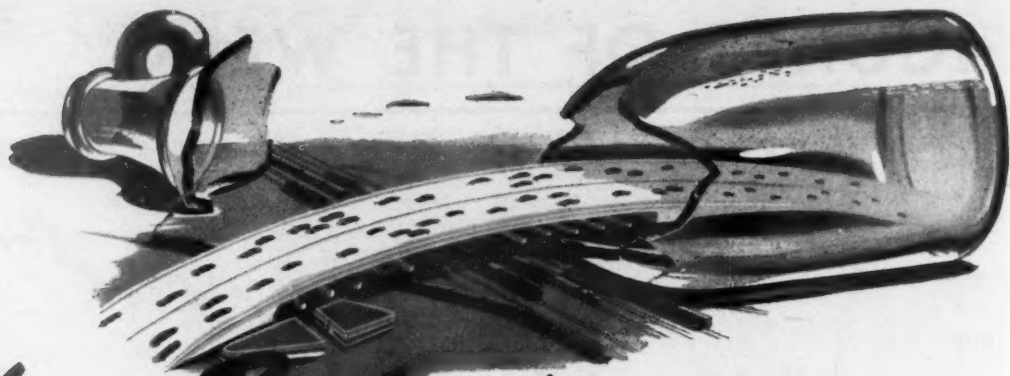
*Preliminary, week ended January 31st.

†Revised.

‡Ceiling fixed by government.

§Date for "Latest Week" on each series on request.

††Estimate (B.W.—Jul.12'47,p16).



Highway Bottlenecks

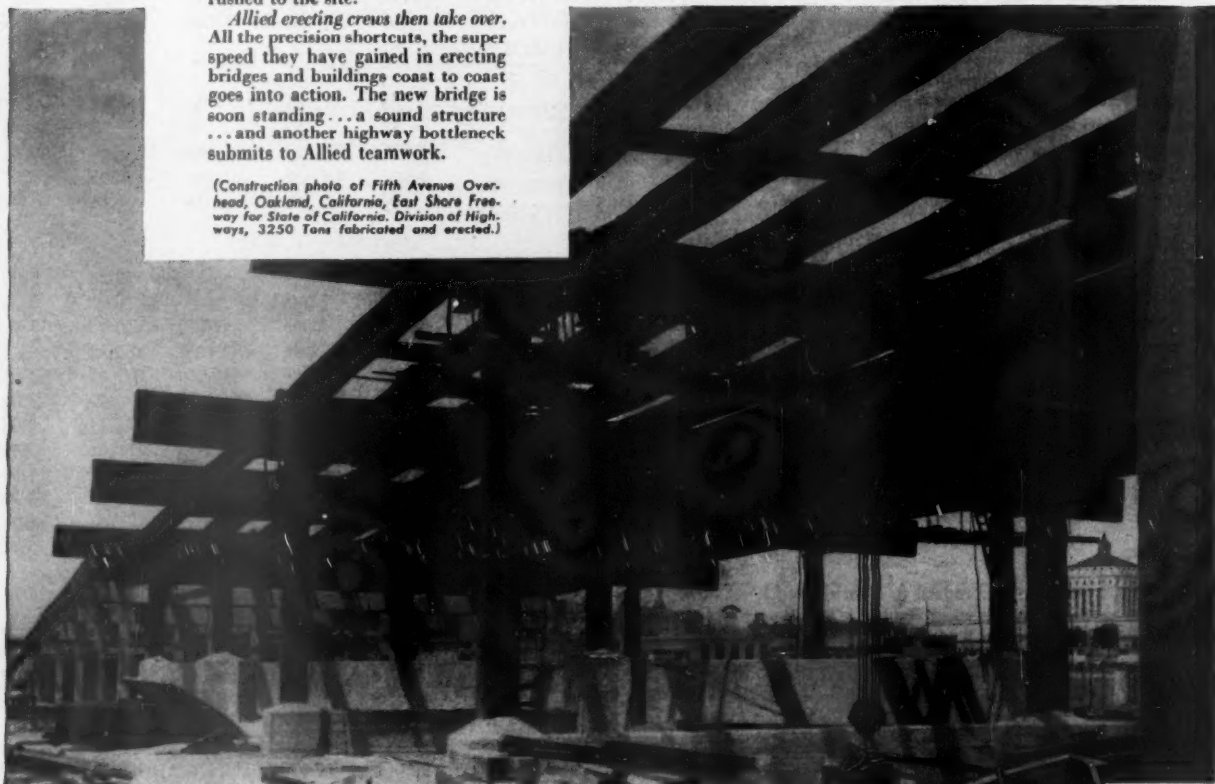
OPEN WIDE TO ALLIED'S FABRICATING AND ERECTING SKILL

In cracking highway bottlenecks, Allied fabricating and erecting crews back up each other . . . like two sides of the same coin.

In the three Allied plants, the structural steel for the new bridge or building is riveted and welded, then rushed to the site.

Allied erecting crews then take over. All the precision shortcuts, the super speed they have gained in erecting bridges and buildings coast to coast goes into action. The new bridge is soon standing . . . a sound structure . . . and another highway bottleneck submits to Allied teamwork.

(Construction photo of Fifth Avenue Overhead, Oakland, California, East Shore Freeway for State of California. Division of Highways, 3250 Tons fabricated and erected.)



**3 PLANTS WORKING AS ONE HUGE OPERATION TO GET
YOUR STRUCTURAL STEEL FABRICATED AND ERECTED**

**Plants: CLINTON BRIDGE WORKS, Clinton, Iowa • GAGE STRUCTURAL STEEL CO., Chicago, Ill.
MIDLAND STRUCTURAL STEEL CO., Cicero, Ill.**



WASHINGTON OUTLOOK



ARE THE RUSSIANS getting ready to call it quits? Do they want to put an end to the hostile jockeying between this country and the Soviets?

Washington isn't sure. But for a month now officials have been jolted by a series of shadowy hints that Russian policy may be on the verge of a turnaround as sharp as that of 1939.

Responsible State Dept. people don't know what to make of it. They're baffled—a little worried, too. They dare not reject the evidence off-hand. But they're so used to planning in terms of Soviet opposition that they find it hard to visualize a cooperative Russia.

They wonder: How would you keep the public sold on a Marshall Plan that isn't anti-Russian anymore? How much would you have to reorient military and economic policy at home?

We're inclined to attach some weight to these hints.

We've felt all along that U.S.-Russian troubles are part of the postwar settling down process, not the build-up to a new war (BW-Nov.29'47,p15).

So we see this possibility: Russia has concluded that it has now squeezed about all the profit it can out of European instability; it is unwilling to face long-drawn-out economic attrition by the U. S.

The most tangible of last month's hints comes from Berlin.

There was an informal meeting there between a high official in the Russian occupation forces and one of General Clay's top staff men. The Russian is a Communist Party political adviser to Marshal Sokolovsky.

The conversation was a private, two-man affair. It was held over dinner and drinks in the American's quarters. It was held at the Russian's suggestion.

What the Russian wanted to talk over was how to bring about a rapprochement—a general settlement of outstanding issues between the two nations. He indicated that the Politburo is waiting to see what Congress does with the Marshall Plan; if it goes through, he said, Russia will not want to commit itself to an economic struggle, would rather pick up the original invitation to participate in ERP.

We know that this conversation took place. We do not know, of course, how much authority

that the Russian had to speak for his government.

But here are some of the other hints of the past month which seem to have a similar flavor:

(1) After balking for two years, the Russians have begun reciprocal reparations deliveries (page 103).

(2) The Russians have finally opened negotiations to settle their lend-lease account. And they have already offered to return some of the Liberty ships the U. S. has been asking about.

(3) The Russians have stirred up new hopes for an Austrian peace treaty by halving their claims on Austrian assets and assenting to currency reforms there (page 103).

(4) There's the unusual sociability of Ambassador Panyushkin in Washington that we mentioned last week (BW-Jan.31'48,p16).

(5) Finally—and this could suggest clearing the decks for cooperation with the Marshall Plan—Russia has thrown overboard Dimitrov's loudly publicized federation of the Red Balkan states.

RUBBER, this year, appears slated to become a government-controlled industry—permanently.

The Republican Congress is going to legislate a long-term national rubber policy at this session, after all.

Rep. Paul Shafer's Armed Forces subcommittee has settled on a bill; it's acceptable to the White House. The industry doesn't relish its terms, but hasn't been able so far to offer any alternative.

The Shafer bill subjects rubber production and use to control more far-reaching than has been suggested in peacetime for any major industry except atomics.

It creates a rubber czar with power to allocate the entire supply of both natural and synthetic rubber—whether or not there is a shortage. He can also dictate the ratio of synthetic to natural in any rubber product.

As to synthetic, the Shafer bill requires that 675,000 tons of capacity be kept available for any emergency. Of this, 225,000 tons must be kept producing at all times.

These facilities will be under private management if industry wants to buy or lease the plants. But if industry doesn't, government will stay indefinitely in the business of manufacturing rubber.

Incidentally, synthetic isn't "American rubber" any more. The State Dept. decided that this

WASHINGTON OUTLOOK (Continued)

industry-chosen name would irritate Latin America.

So now the ad-writers are dreaming up angles on "Chemical Rubber."

SENATOR O'MAHONEY gets Alaska's six votes to be Truman's running-mate this year; these are the first Democratic delegates to be picked.

Alaskan Democrats relayed a query to Truman before they decided who they liked for vice-president. O'Mahoney of Wyoming was the name that came back to them.

EVER WONDER how a congressman keeps his ear to the ground?

Rep. Jerry Landis of Indiana's 7th District announced this week that 74% of his constituents oppose the Marshall Plan. Here's how he found out:

He asked 43,000 people in his district—"Are you in favor of the Marshall Plan for supplying European governments with \$17-billion of our resources on a gift-loan basis?"

Of the 3,000 who answered, 2,220 said "no."

ARE FEDERALLY GUARANTEED mortgages for homebuilders inflationary?

The Administration has been afraid that they are. Today it's not so worried. Reason: tightening money markets.

Only last month Truman was talking about restrictions on Veterans Administration and FHA Title VI loans. He feared so much easy credit was driving up the price of houses.

But now 4% mortgage money has been getting harder to find—first in rural areas, now even in cities. Reason: FRB operations pushing up the yield on government and industrial bonds have made insurance companies less eager for mortgage paper.

Already federal housers are worried lest tight credit cut down housebuilding. Except for Eccles, Administration people don't want that. It's not the inflationary effect of a housing boom they've been uneasy about; rather, it's the direct effect on house prices of too much credit.

Administration would like to see just enough credit available to keep housebuilding at capacity.

So legislation is being talked to prop the mortgage market if things get much worse.

Idea is to revive the RFC Mortgage Co. as a secondary market for mortgages—to support U. S.-

guaranteed paper in much the same way FRB supports U. S. bonds.

TVA IS IN FOR ANOTHER ROW with Congress. This time the issue is government competition with private utilities to get steam power-generating equipment.

TVA wants to start a \$60-million steam plant, to add 375,000 kw. to its system by 1952 or 1953. Congress is being asked for an O.K. But the electric utilities are mustering their forces to block it.

Big utility objection: To build the plant on schedule, TVA would have to grab power equipment from manufacturers already booked to capacity with private company orders.

Behind the immediate issue of competition for power-equipment deliveries, however, is this long-term question:

What happens to a water-power system when it runs out of water?

TVA's last major dams will all be built by 1951. But power demand surveys show prospective need for more kilowatts than the remaining dams will produce.

TVA's answer is to turn to steam generation. This puts up to Congress an old issue with a new urgency; Congress traditionally has opposed letting government get into this field—hydro power, yes; steam power, no.

- Economy-talking House Republicans this week: (1) whooped through a tax cut that would reduce federal income more than \$6-billion, and (2) voted an added \$250-million to federal expenses in increased subsidies for veterans. . . .

- FPC has agreed to surrender to state commissions the regulation of emergency and noncommercial exchanges of power across state lines; it will cut utility bookkeeping. Congress will buy the deal as a welcome substitute for the industry's proposal to rewrite the Federal Power Act. . . .

- Census Bureau will make a nose-count of retail merchandising operations in the Charlotte (N. C.) area as a sample to show changes in businesses since the last national census in 1939. The tally should be complete sometime next month; it might help convince Congress of the need for a nationwide business census. . . .

- Public Roads Administrator MacDonald has about decided there is too much roadbuilding going on; jobs are running behind schedule and prices are rising fast.

If photography is your hobby ...

You probably have one favorite camera—one favorite lens. You find that you get the best pictures—the best results—with equipment you prefer using.



If typing were your job ...

Odds are that the typewriter you'd use would be a Royal—the typewriter that's built up a preference equal to that of the next three leading typewriters together.

To get the best results from your secretarial staff, supply them with Royals. The preferred typewriter! The World's No. 1 Typewriter!

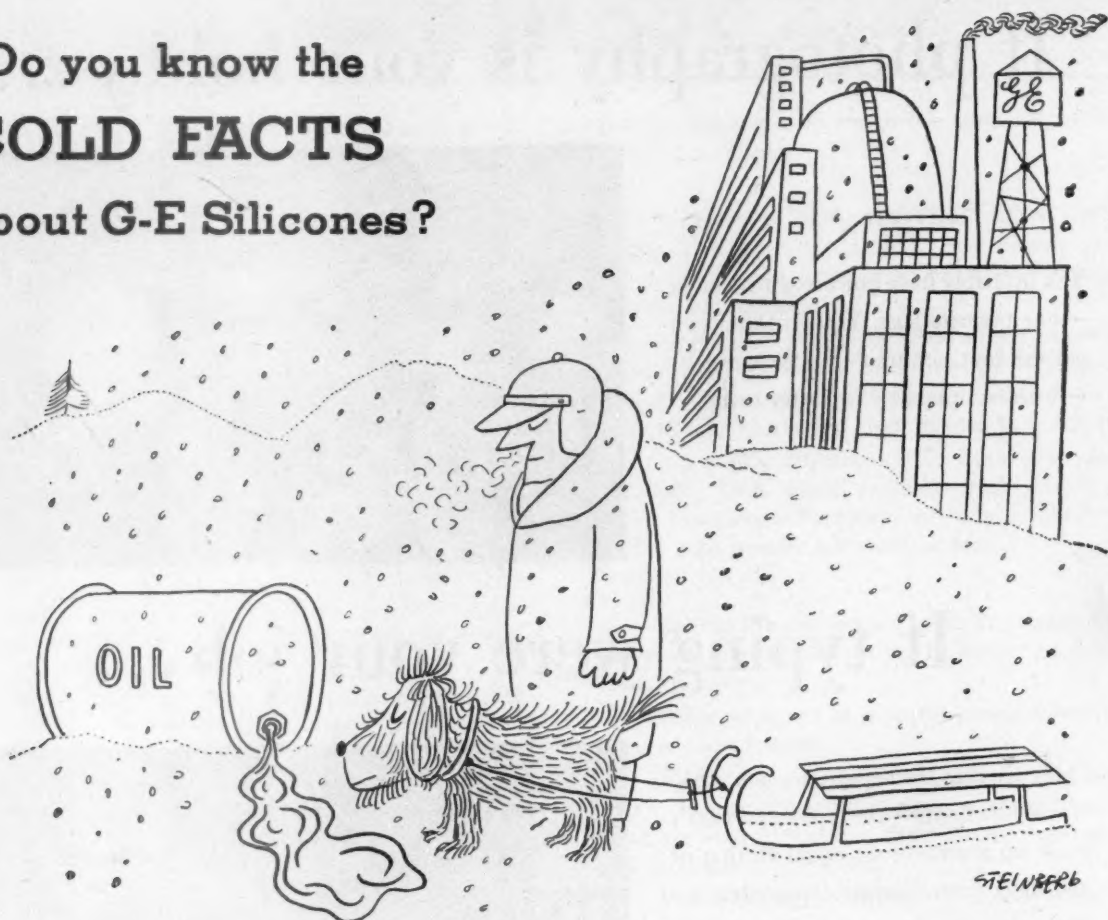


Preference for Royal equals the combined preference for the next three ...

- 1. Popularity!** Just look how Royal rates with secretaries and typists. A national survey shows that preference for Royal equals the combined preference for the next three most popular typewriters. Your typists will do *more* work, *better* work on machines they prefer to use.
- 2. Royal efficiency!** There are work-saving, time-saving features on a Royal not found on any other typewriter! Meaning—higher production per machine!
- 3. Royal durability!** These typewriters are *really* sturdy. Royals stand up ... spend more time on the job, less time out for repairs. With Royal, you get the maximum return for your typewriter investment!

ROYAL—*World's No. 1 Typewriter*

Do you know the COLD FACTS about G-E Silicones?



Ever hear of an oil that will still pour even when the temperature drops to -120°F ? At General Electric we're manufacturing such an oil. It is known as G-E silicone oil and it has some mighty interesting uses.

For example, manufacturers of strato-liners—high-altitude transports that speed through the extremely cold upper levels of air—will find General Electric silicone oil to be excellent for use in hydraulic systems. With silicone oil acting as the hydraulic fluid, plane builders can guard against the danger of "frozen"

landing gear and wing flaps, despite sub-zero temperatures.

If you're interested in a gasket material which is remarkably resistant to extreme cold, we suggest you investigate General Electric silicone rubber. This unusual material retains its stability and elasticity at a thermometer reading as low as -70°F .

In addition to their resistance to extremely low temperatures, silicone oil and silicone rubber defy very high heat. Silicone rubber remains unchanged at 520°F ; silicone oil won't ignite at 575°F .

Another product of G-E silicone research has most unusual moisture-repellent properties. This is G-E DRI-FILM® water-repellent material. It is finding interesting uses in treating textiles, glass, ceramics, plastics, and paper.

WANT TO KNOW MORE ABOUT G-E SILICONES? There's more to know and there are many more uses for these amazing products. Why not drop us a line. Let us discuss your particular production problem with you. *Chemical Department, General Electric Company, Pittsfield, Massachusetts.*

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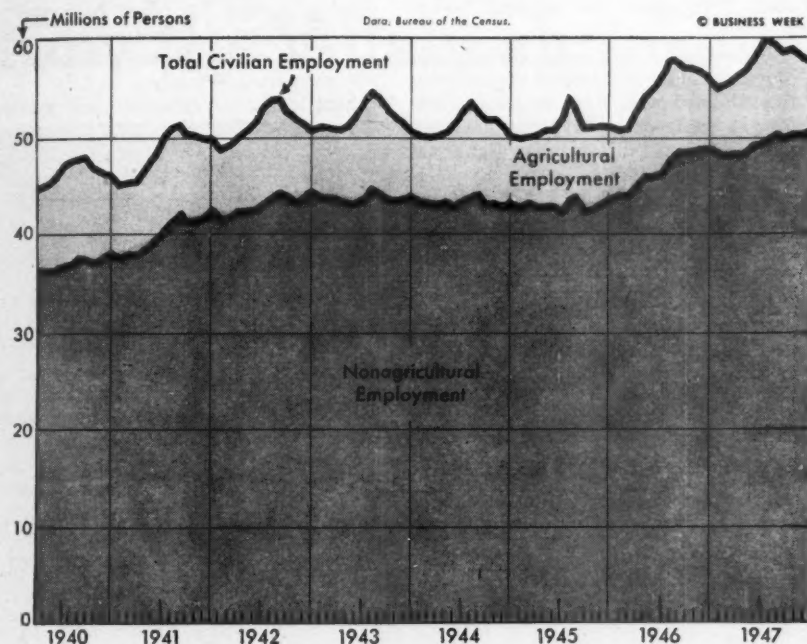


SILICONES

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GENERAL  ELECTRIC

CD48-Q1



SIXTY MILLION AT WORK—a dream in 1945; a reality in 1947

Jobs Go A-Begging in '48

Now that we've just about reached full employment, employers are hampered by labor shortages—particularly in skilled lines. Great Lakes area hardest hit; South, Far West, New York least.

The industrial map of America is becoming speckled with manpower problems. This week a Business Week survey across the nation showed:

LABOR SHORTAGES are popping up in many places under the pressure of full employment.

SKILLED WORKERS are mighty scarce almost everywhere.

WAR VETERANS in the market for jobs have nearly all been hired.

MARGINAL LABOR, however, is in small demand.

The current tightness in the national labor market gives employers more than a hiring problem, however. It is also a limiting factor in industry's expansion plans (page 65); it is a potent weapon in labor's hands for the third-round wage contest.

• **Goal Achieved**—During mid-1947, when agricultural employment was at its annual peak, the total number employed reached the dream goal of 60-million. In December, the Census Bureau reports, there were 59-million employed. This was more than 1.6-mil-

lion above December, 1946. Almost all the new workers were World War II veterans. (Unemployment in December was down to 1.6-million, lowest since the months immediately after V-J Day.)

In December, nonagricultural employment was 51-million, a new high, up nearly 1.9-million over December, 1946. Manufacturing employment reached a peacetime high of 15.9-million in mid-December, according to the Bureau of Labor Statistics. Most of the 50,000 increase over November was in the durable goods industries. For instance, employment in automobile plants passed the million mark for the first time.

• **No Over-All Pinch**—In the Business Week survey of employers, business organizations, and state employment services, most regions report: "There is no over-all labor shortage here." However, a real manpower squeeze shows up in particular lines.

Some regions are feeling the pinch more than others. The Great Lakes area seems to be having the most trouble. The South, the Far West, and

the New York City area are not having as much difficulty. Cities surveyed in Kansas and Missouri have few manpower problems.

• **Not Like Wartime**—As has been pointed out in previous surveys, there is a major difference between the present situation and the wartime manpower shortage. Except in the Great Lakes region, employers have shown few signs of trying to bring back marginal workers. Women, older people, and the handicapped made up a sizable part of the wartime labor force. After V-J Day these marginal workers were quickly released. They were replaced by returning veterans.

Today the supply of veterans—except for a little over 500,000 still unemployed and about a million still in school—is running out. But employers in most cases are not lowering their requirements to let in older or unskilled workers. They don't want to risk expensive equipment. They feel they have to get the most out of their machinery to justify running it.

• **College Men in Demand**—There is a shortage of new recruits in the higher ranks of industry. Although college graduates by hundreds of thousands enter the labor force each year, industry's demand for this class of worker exceeds the supply. One "industrial scout," who looks over college seniors for a big corporation, thinks that there will be a shortage for at least two years.

Scarcity of housing seriously limits the efforts of employers, in areas where labor is hard to find, to bring in workers from outside. Hence, little labor is being imported from one area to another, except in the case of key technicians.

Here is the situation as it shapes up in the areas covered by the Business Week survey:

Boston. There is a definite shortage in many lines, but older men and women are idle. Department stores, textiles, shoes, offices all need workers. Lack of key workers has curtailed textile production.

New York. The number of production workers employed in the city is about the same now as a year ago—although up 17% from the 1935-1939 period. There is a relative labor surplus compared to other cities. Few employers find it necessary to draw on marginal labor.

Pittsburgh. Total employment is about 4% below the war peak. Skilled workers are in "extraordinary" demand. The labor supply available for further expansion is at a minimum. Labor scouts are coming here from other areas

to recruit steelworkers and machinists.

Atlanta. On Jan. 1 there were 7,000 unemployed in this area, compared with about 32,000 in 1940. There is a moderate surplus of labor. But if industry should expand much in the spring there will probably be a shortage, particularly of skilled construction workers.

Birmingham. There are about 6% more people employed here than at the wartime peak. No over-all labor shortage exists, but there aren't enough qualified auto mechanics, bricklayers, machinists, plumbers, office workers.

Cleveland. Jan. 1 employment in the Cleveland area is about 9% below the wartime peak. But over-all employment in Ohio has passed the highest wartime level. Machinists and office workers are hard to find in Cleveland. Most available workers are in the marginal group, but these are hard to place. Employers are turning down for production jobs over-age machinists with years of experience.

Detroit. December figures showed employment in Michigan at a record peak. Detroit employment, however, is down about 10% from the wartime high (lack of steel is one big reason). There are acute shortages of skilled maintenance workers, and of tool and die makers. The labor market is distinctly tight. Employers are beginning to go into the marginal field for help. They are also sending scouts to other areas.

Chicago. The labor market is very tight here. The same is true of most downstate industrial areas in Illinois. There is a shortage of skilled manufac-

turing workers in Chicago; also women office workers. In Rockford and Moline, manufacturers are beginning to hire over-age workers; Negro employment is rising. Employers are offering higher salaries.

Milwaukee. Although over-all employment in the Milwaukee area is lower than the war peak, it has increased 10% over a year ago. The unemployment rate is 1%, as compared with a national rate for December of 2.8%. Labor is definitely tight here. Employment of women and Negroes is above average. Particularly short are: machinists, auto mechanics, tool and die makers. An attempt by Milwaukee foundries to bring in help from the West Indies has been blocked. Some business leaders would like to import D.P.'s from Europe.

St. Joseph, Mo. In this city, which had a small influx of war contractors and no big wartime employment bulge, the supply of labor is about adequate today, although employers could use more skilled workers. There is a shortage of women for service lines and office jobs.

Topeka. The balance of labor supply and demand here is probably the best in the city's history. Employment is up about 10% over the wartime high. (Topeka was one of the few cities which did not strain to draw in war business.) There is a good supply of labor for service lines. Most of the unemployed are unskilled workers.

Wichita. Cutbacks in aircraft production have reduced employment in this area about 42% from the wartime

peak level. (Wichita was one of the outstanding war-boom cities.) Unemployment Jan. 1 was about 45% less than a year ago, however. There is no shortage except for office help and a very few types of skilled workers. The A.F.L. has warned Kansas jobseekers to stay away from Wichita.

Seattle. Labor turnover has greatly decreased during the past year. Employers are hiring more selectively. Shortages in specific skills, here and in the state of Washington as a whole: machinists, salesmen, clerical help. Domestic servants are hard to find here, as they are in most places. Women are leaving the labor market. Negroes are not getting much work.

Portland. This city has a labor surplus. Employment for the state as a whole is below wartime peak levels. Most unemployed are over-age and unskilled workers. There is little unemployment among young skilled workers. Few permanent industrial openings are available for women, Negroes, or over-aged.

San Francisco. There is no over-all shortage, although employment is above wartime peaks. There are quite a few people coming in. Little unemployment is evident among clerical, skilled, and professional personnel; the bulk of unemployment is in service and unskilled occupations.

Los Angeles. Employment is up slightly over the wartime peak, but has shifted from manufacturing to non-manufacturing lines. There is no shortage of skilled workers, but there is a constant demand for them. Almost all unemployed are unskilled workers. Negroes are finding fewer employment opportunities. Laundries, for example, have practically stopped hiring Negro workers. A great many of the unskilled people who flocked here at the end of the war are now leaving.

BIG STEEL TIMES EXPANSION

Four of 12 major projects in the \$500-million expansion program of U. S. Steel Corp. are scheduled for completion in the second quarter of 1948. They include the new cold rolled strip mill at Pittsburg, Calif., two new blast furnaces at South Works, Chicago, increased output of silicon steel at Vandergrift, Pa., and the new ore beneficiation research laboratory at Duluth, Minn.

The company said this week that five other new facilities will begin operations in 1948. These will provide larger cold-rolled strip and tinplate capacity at Gary and Pittsburgh, Pa., conversion of a hot-rolled to a cold-reduction mill at Birmingham, a new coke oven battery at Clairton, Pa., and new coal washers at Robena Mine and Gary.

The entire program will be completed by late 1949.



Neighbors Make Tracks to Beat the Snow

Nine families atop Snake Hill in Belmont, Mass., have joined hands to lick their old nemesis, the snow. The community perches above a climb so steep that even snow plows won't tackle the road. So the families chipped in to install a system of hot-water

pipes along the tire lanes of a quarter-mile stretch. Halfway up they built a boiler shed and installed a circulating system, oil burner, and storage tank. Initial cost: \$3,500. The pipes have melted the snows of 13 storms with about \$150 worth of fuel.

Now the Villain shrieks



Helen Zavoda,
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To make sure that each Jack & Heintz ball bearing is unsurpassed in *smooth, quiet operation and long life*, it is given a final test by spinning it at its operating speed and "auditioning" it with a highly sensitive sound pickup and amplifier. This exposes *Villain Friction*. The slightest irregularity, ordinarily inaudible, becomes a shrill noise and that bearing is rejected.

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tool for "Caterpillar" track-
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Hystaway is both a production and utility tool. On a new or old "Caterpillar" D8, D7 or D6, it can be mounted by 2 men in 2 hours and taken off in 1 hour (after initial installation).

Hystaway plus "Caterpillar" track-type mobility is setting performance records for 1/2-yard machines that make important news to construction men: increased production; lower job costs; faster work schedules Your "Caterpillar" distributor can arrange a Hystaway demonstration and provide current delivery. See him soon. Write for detailed literature.

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end of 1948, 80% of all coal produced from underground mines in Illinois and Indiana will be mined with Airdox equipment.

• **New Installations**—Peabody Coal Co., which recently announced plans to open a new 20,000-ton-a-day mine near Taylorville, Ill., will install Airdox there. It plans to equip all its mines with compressed air as rapidly as possible. Chicago, Wilmington & Franklin Coal Co. will have its first Airdox installation completed early this year. Old Ben Coal Corp. already is 100% on air.

Cardox claims that the process costs about the same as use of explosives. The company leases its compressors and equipment to mine operators.

• **How Airdox Works**—Here's how the system works. One or more electrically driven special high-pressure automatic air compressors provide the compressed air for the Airdox system in each mine setup. This air is led to the working sections of the mine through steel tubing, then directly to the coal face through copper tubing.

The Airdox tube itself—the device that "shoots" the coal—is a 65-in.-long hollow metal cylinder. Near one end are air ports; at the other end the connections are made to the air supply. Inside the tube are the valves that operate the whole mechanism.

The Airdox tube is placed in a drill hole in the coal, with the end containing the ports innermost. Air enters this tube until pressure inside has reached the level necessary to break the coal. Then the direct connection to the air source is cut off by closing a valve on the copper tubing—back a considerable distance from the "shooting" tube. At this time, pressure in the Airdox tube and in the copper tubing attached to it is the same.

• **Pressure Breaks Coal**—The operator then starts to "bleed" air from the tubing. The drop in pressure in the copper tubing actuates a valve inside the Airdox tube, and the air ports buried far inside the coal—open. The high-pressure air inside the Airdox tube is discharged through these ports into the coal. The coal breaks away from the face. Then the tube is moved to another hole for a repeat process.

• **Advantages**—Big advantages claimed for compressed air as a breaking agent are (1) greater safety, and (2) improvement in the quality of the coal mined.

Besides the obvious safety features, Airdox' makers claim its use means fewer accidents from falling roofs, because of the milder action of compressed air—which breaks coal with a pressure of only 10,000 psi. compared with 75,000-125,000 psi. from explosives.

The milder action, too, results in less shattering—with less small coal to be lost in the screening.



DPI

HIGH VACUUM RESEARCH
AND ENGINEERING



Dress by C  il Chapman

Vitamins and Sequins from a Vacuum

Both were born in a vacuum—the vitamin concentrate in a high-vacuum still that enables molecules from a hot liquid to separate unimpaired in potency.

The sequins were made in a high-vacuum chamber. Here molecules of heated metal, unhampered by atmospheric pressure, travel as metallic vapor to coat the sequins with a beautiful, brilliant surface. Nearly any metal can be used—gold, silver, aluminum, copper—and the material to be coated can be most any substance—metal, rubber, paper, cloth, glass, plastic.

Perhaps nothing can better illustrate the wide potentialities of high vacuum technology than a vitamin capsule and a tiny sequin scintillating on milady's evening gown.

These are but two of many practical commercial possibilities. For research has barely opened the door—it still stands on the threshold.

Excellent opportunities exist for high-vacuum processes in petroleum engineering, in medical science, in metallurgy, in dehydration, in food concentrates, in textiles, electronics, plastics, in atomic energy!

DPI maintains a special experimental

department. Its experience and knowledge of high vacuum can aid research staffs in the many branches of science and industry. As a first step, write for information on high-vacuum applications in your particular field.

Also available, a limited number of 5-liter capacity high-vacuum centrifugal stills which may be purchased for your own laboratory for distillation of materials of high molecular weight.

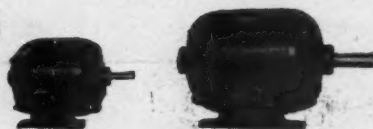
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Think how you can improve your products with Duplan **NYLON** and **GLASS** Industrial Fabrics



PHOTO, COURTESY WESTINGHOUSE

Glass Fabric insulation helps make new Westinghouse motor (left) lighter and more compact than larger motor, yet rating is same for both.

In many industrial applications, Duplan Fabrics are making products work more efficiently, last longer, and look better. They're either reducing product size and weight, resisting wear, or providing added strength.

Duplan Fabrics are already widely used in:

Electric motor insulation
Low pressure laminations
Fireproof awnings
Ironing board covers
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Automobile manufacture
Laundry press covers
Pressure sensitive tapes
Fumigating tents

And many other uses that save money or give better products.

AND HERE'S WHY:

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Duplan Nylon Fabrics have great tensile strength, elasticity...resist rot and mildew. They are woven in light

to heavy weights, and have many industrial uses.

Where manufacturers have been faced with the problem of finding one raw material that possesses several properties, Duplan has "engineered" special combination weaves, economically, efficiently. Today, you'll find Duplan Glass and Nylon making products better in many industries. Yours may be among them.

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COMMODITIES

Pinch in Chrome

Demand for chromium chemicals by platers and others outruns supply. Ferrochromium (for alloy steels) isn't short.

Still another shortage has arisen to plague the auto industry. This time it's chromium-plated steel for trim. Lack of chromic acid has forced several plating plants to shut down; others are curtailing operations.

• **Basic Pinch**—Behind this shortage is a pinch in the basic chemical from which chromic acid is made—sodium bichromate. The reason for this is an increase in demand by all users of the chemical—of which the plating industry is by no means the largest. Most important use of sodium bichromate is in pigments; second is in tanning leather. Other uses, besides plating: as a mordant in textile dyeing; as an oxidizing agent in chemical processing industries.

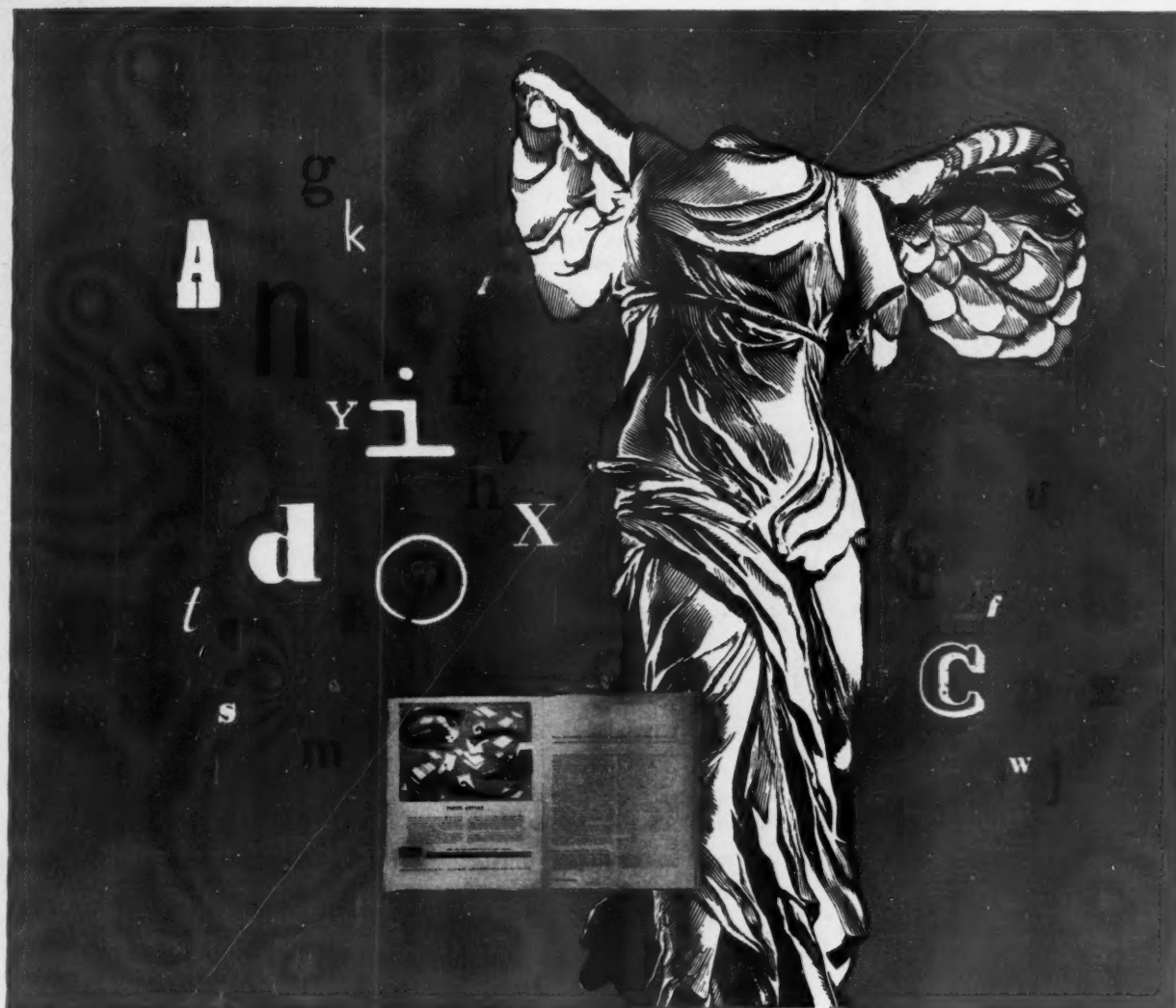
Exports, principally for leather tanning and textile dyeing, have been high. But this isn't likely to last, for two reasons: (1) After Mar. 1, the Commerce Dept. will have the authority to tighten up on individual exports (BW—Jan. 31 '48, p19), and has indicated that it will do so in this case; (2) as Europe rebuilds its own production facilities it will need less from the U. S.

• **Maximum Output**—Capacity to produce sodium bichromate rose sharply between 1939 and 1941, but very little since. Thus, although the industry is producing at capacity today, demand has simply outrun supply.

The plating industry is still getting approximately its historical proportion of total supplies; it's feeling the pinch worst because its demand has increased most. One reason for this: The relatively high price of stainless steel has caused some users to switch to chrome-plated carbon steel for bright work.

• **For Alloy Steel**—Chrome ore is almost entirely imported, mostly from the Transvaal in South Africa. Considerably more than half of it is smelted into ferrochromium which is used in making alloy steel. There apparently is no shortage of the ore and no appreciable shortage of ferrochromium.

The principal producers of sodium bichromate are: Mutual Chemical Co. of America, in Jersey City and Baltimore; Standard Chromate Division of Diamond Alkali Co., Painesville, Ohio; National Products Refining Co., Jersey City; and Martin Dennis Co., Newark, N. J.



26 letters . . . and art

Alphabet and drawing board have spawned the mighty advertising industry . . . and advertising, in 1948, will reportedly pay its highest bill in history: three and one-quarter billion dollars! Its rising volume — in magazines, newspapers, radio, direct-mail, and other media — parallels the rising volume of America's industries as a whole. Indeed, it is, itself, a major factor in that growth.

Without paper, of course, advertising could not exist . . . and the media of advertising are a continual challenge to the productive capacity of the nation's mills. This is why "Paper Makers to America" is itself expanding—in phys-

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Specify and use these papers with every assurance that they are "the best buy in paper today."

★★★ Mead offers a completely diversified line of papers in colors, substances, and surfaces for every printed use, including such famous grades as Mead Bond; Moistrite Bond and Offset; Process Plate; Wheelwright Bristols and Indexes; D & C Black & White; Printflex; Canterbury Text and Cover Papers.

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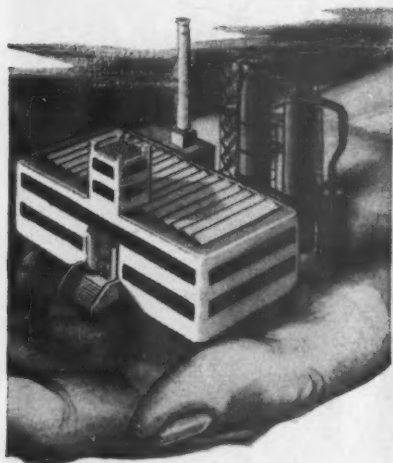
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This service is valued by some of America's best known companies. It saves time and manpower and insures all that is best in modern design. Continental's clients include such companies as OWENS-ILLINOIS GLASS CO., GENERAL MOTORS CORPORATION, ARMSTRONG CORK CO., REVERE COPPER AND BRASS, INC., A. O. SMITH CORP., OWENS-CORNING FIBERGLAS CORP., and many others.

Continental engineers are specialists in modern production and processing methods. Their experience covers Metal Working, Food Processing, Chemical, Ceramic, Glass, Building Materials, Textile, Woodworking, Plastics, Beverage, and Refining Plants. Purchasing and procurement contacts are maintained with all leading sources of supply for materials and equipment.

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Cotton Problem

Recent exports have been lower than expected, so prices have fallen. ERP may change that, once it gets started.

Cotton supplies have been a little more ample than expected so far in the 1947-48 crop year. And prices moved down fairly sharply during the first three weeks of January.

Reason: Exports have been far below the anticipated level.

• **Uncertainty**—But traders are by no means sure that the comfortable supply situation will persist. This may be seen from the price record of the last month.

Just before the end of 1947, the average price on 10 spot markets (middling grade, 15/16-in. staple) topped 36¢ a lb. Three weeks later, it was almost 2¢ a lb. lower. But last week very nearly half the loss was recovered.

Export prospects are probably the most important single factor in cotton's recent wide price movements. Secretary of State George Marshall, in his Atlanta speech before the National Cotton Council Jan. 23, cast some light on this problem.

• **Two Reactions**—Marshall declared that the European Recovery Program will involve exports of about 3-million bales in its first 15 months. That leaves industry people divided into two camps:

(1) One school holds that these exports will be so long starting that the market may drift down even to the federal support price before overseas shipments make themselves felt.

(2) The other group argues that ERP assures sustained demand for American cotton at least until the 1948 harvest gets into full swing next August—and maybe for a long time beyond that.

• **Statistics**—One thing the impartial observer can get hold of is that both groups take off from the same basic set of facts. This country started the cotton year last Aug. 1 with a carryover of about 2½-million bales of old cotton. To this was added the 1947 crop of 11.7-million bales, bringing total supply to some 14.2-million bales.

Dept. of Agriculture economists have tentatively set their sights on exports of 2½-million bales and home consumption of 8½-million—a total of 11½-million bales.

• **The Record**—Actually, domestic cotton use in the first five months of the crop year (through December) was at an annual rate of about 9.1-million bales. Many in the trade believe that mill activity in cloth for export will be less for the rest of the season, thus cutting use of cotton slightly.

But export volume of raw cotton

from August through November was only 428,381 bales (against 1,214,695 in the same period a year earlier). That has to pick up fairly smartly to reach even 1½-million bales, much less the 2½-million the trade was talking about earlier.

The question boils down to this: How much cotton will be left over when the crop year ends next July 31?

• **Two Answers**—If you take the pessimistic view—allow for home consumption not more than 8½-million bales and for exports only 1½-million—the indicated carryover comes to nearly 4-million. Figured optimistically, with domestic use at 9-million and exports at 2½-million, the carryover would be about 2.7-million bales.

Either way, it would be higher than the 2½-million with which we started the season. On the other hand, it would be tiny alongside the figures of 11-million to 13-million bales that marked the middle and late thirties.

• **What Next?**—To look beyond that requires guessing on a 1948 crop that isn't in the ground yet, and on exports which will depend on many variables. But there is one thing to remember about the foreign demand: Most importing nations started the present crop year with above-average stocks of American cotton; during the last few months, they have been eating into those supplies—and that can't go on forever.

There is some evidence that foreign demand picked up in December. The official figure on total exports won't be out for a couple of weeks, but deliveries supervised by the Dept. of Agriculture in December are reported at 189-million pounds—about 380,000 bales against an average of 107,000 for each of the preceding four months.



LEADING COTTON GROWER—in point of time, anyway—is Forrest Garling of Harlingen, Tex. He sold the first bale of 1947's crop, hopes to repeat this year. He seeded 1,500 acres last week.

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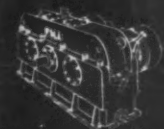
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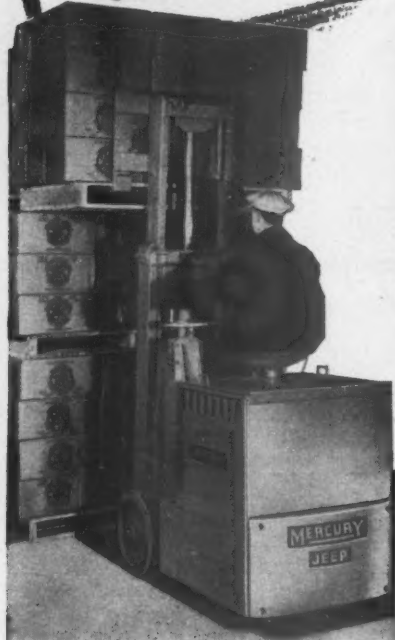


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TEXTILE

Axelrod Buys Another Mill

31-year-old industrialist continues to expand his vertical textile empire in New England. Although he is still far from the biggest, Axelrod has built a \$16-million business in ten years.

In Rhode Island last week a rising young industrialist added more territory to his growing vertical textile empire. For an unnamed sum, Joseph H. Axelrod, 31, took over Providence's Damar Wool Combing Co.

This move gives Axelrod's integrated textile operation a sure, steady supply of wool tops (up to 75,000 lb. a week). Further, it gives his group the facilities to do the whole job of turning out fabrics—from raw wool to worsted or worsted rayon yardage.

• **Quick Success**—In slightly less than 10 years, hustling Joe Axelrod has parlayed an original stake of \$5,500 into \$16-million worth of assets—still a long way from the real textile giants like J. P. Stevens, Burlington Mills, and American Woolen Co.

Axelrod started in 1938 in a Woonsocket loft with two employees and some old looms. Today he runs six plants employing 3,500 in five Rhode Island cities. All told, his enterprises had net sales of about \$37-million last year, netted some \$5.5-million in profits. And he has a controlling interest in another large mill.

Axelrod is now president of: Crown Mfg. Co. in Pawtucket; Airedale Worsted Mills, Dorlexa Dyeing & Finishing Co., Jeffrey Finishing Co., and Lippitt Woolen Mills, all in Woonsocket; and Damar in Providence. He is also president of the Airedale Sales Co., which is based in Manhattan and which is run by his father, James J. Axelrod.

And the father-son team also owns a controlling interest (80%) in century-old Wamsutta Mills, New Bedford, Mass. Wamsutta, which Axelrod bought control of last fall, actually doesn't fit into the integrated Axelrod scheme. It produces cotton goods—sheeting, shirtings, and pajama fabrics. Axelrod says that he bought it because of its name. Along with this, observers point out, Axelrod got a ready-made sales force experienced in selling to stores. Thus if he should want to go into selling to retailers, Wamsutta could provide the means.

• **Parallel**—Axelrod's new organization parallels another recent venture in vertical textile integration: Textron, the larger and more famous of the two. Over



EMPIRE-BUILDER Joseph H. Axelrod

the past few years both have rapidly filled in the necessary chinks in their structures.

But size is not the only difference between them. Before he catches up with Textron, Axelrod must form an over-all holding company to link up his concerns. Each of the units now operates as a separate entity. Experienced observers think that a holding company is in the cards now that Axelrod has rounded out the manufacturing end of the business.

• **Present Link**—Meanwhile, it is Axelrod's own driving personality and physical endurance which provide the link. But to keep the tie firm, he has to do the circuit of his plants daily in an automobile that is equipped with a telephone.

Thus an essential in the growth of Axelrod's textile empire is his own hard work. His work day begins at 8:30 a.m. or earlier and seldom ends before 7:30 or 8:00 at night. He doesn't drink, smoke, or gamble; virtually his only relaxation comes from cruising on his 46-ft. launch.

• **Background**—Joe Axelrod was graduated from the University of Pennsylvania's Wharton School of Finance in 1938 and went into business for himself a few days later. To do this, he put up \$500 himself and borrowed \$5,000 from his father, who had inherited a Boston

BUSINESS IN MOTION

To our Colleagues in American Business ...

textile jobbing house. The father took over the sales end; the son was in charge of production.

The first venture—Airedale—paid off. By 1944 they had picked up Lippitt, an old family-owned institution; Dorlexa; and Jeffrey. Two years ago they acquired an 85% interest in Crown, which has the biggest sales volume of Axelrod's string. (It runs about \$12-million a year; Airedale and Wamsutta account for about \$10-million apiece; Lippitt some \$5-million.)

• **From Top Down**—Axelrod built his empire from the top down. For example, newly acquired Damar, with its 150,000 sq. ft. and 300 employees, now supplies the basic materials for Airedale and Crown. Airedale does the weaving for the empire's worsted division; Crown turns out blended fabrics. The other plants take over from there. All told, they produced some 8.5-million yards of cloth last year. In addition, Wamsutta's output was 16-million yards of cotton goods.

Joe Axelrod also has a flair for publicity that has stood him in good stead. He was smart enough to capitalize on a natural advantage of the Crown plant—its neat, landscaped, campus-like appearance.

• **"Crown College"**—At Crown, Axelrod set up a training course in textile production. Intended in part to attract hard-to-get workers to the plant, the idea proved to be a natural. Pretty soon the students began to call the mill "Crown College," its general manager "dean," its foremen "professors." Axelrod encouraged the gag by putting in a baseball diamond, a clubhouse, a mobile canteen, and other frills. The result was almost overwhelming: Crown found itself with a coast-to-coast list of applicants (BW—Aug. 9 '47, p. 42).

The training course itself is hardly a gag. It gives a wide schooling in the industry, covering about a dozen subjects from picking and carding to time-and-motion studies. Even an organizer for the Textile Workers Union (C.I.O.) calls it "one of the best projects ever conceived by the management of a textile mill for the benefit of its employees."

• **Good Fabrics, Low Cost**—The school serves an important function: It teaches Crown workers how to use the up-to-date, cost-cutting machinery that Axelrod keeps installing. This is an integral part of Axelrod's effort to sell better fabrics at lower cost.

Axelrod's business theory is based on standardization. His aim has been to reduce the types of fabrics made by each plant. His object: "In standardizing the types of fabric and selling them to several different trade outlets, we protect ourselves. If one trade falls off, it is a simple matter to route these fabrics to the other trades."

Perhaps it is because orders, particularly repeat orders, are definite proofs of satisfaction that comparatively few buyers take the trouble to give any other expression of their esteem. As a rule, some unexpected or special quality or service is required to draw forth compliments in writing. Hence Revere was exceptionally pleased to receive the following letter:

"As you may know, we have duplicate dies with several firms for reasons that are obvious. However, we recently ran an experimental time study on two batches of identical goods from your firm and from another source. The results will amaze you.

"We have found that for uniform quality and excellence of raw finish your extrusions stand head and shoulder above all other sources that we have had contact with since forming this corporation and

with sources that the writer was familiar with before the war in the midwest.

"During the running of this study, we found that we could cut and color with a complex compound in a double pass on a pleated buff and produce a superior finish in a saving of up to one-half of the time it took us to produce a similar finish on the same item of the same alloy from another source.

"More important to us, however, was the fact that we find your materials to be much more consistent and that we do not find that 'batches'

make the difference that they seem to with goods from other reputable sources.

"If this information and the technical data relating to it can ever be of value to you and your firm, please feel free to call upon us at any time."

This heart-warming letter assured us again that the infinite pains taken in our laboratories and mills to maintain standards and specifications are continuing to guarantee the customer satisfaction without which we could not have survived for 147 years.

However, our purpose in revealing this letter was not to pat ourselves on

the back, but to point up what we have said so often in the past: that a successful relationship between buyer and seller depends upon a full interchange of information as to products and processes, successes as well as failures. No less than

the compliment, the letter of complaint is also good business. A frank statement of the whys and wherefores of dissatisfaction supplies the information that makes corrective measures possible; without it, both parties may remain in the dark as to their real requirements and potentialities. Hence Revere suggests that no matter what you buy, nor from whom, brickbats are as essential as bouquets. Suppliers who know all the facts, good or bad, can always serve you better.



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Textile Shift?

Western wool producers wooing processing plants to offset freight premium on moving raw wool east.

There's a growing belief in the textile industry that some wool manufacturing should move west (BW—Sep. 6'47, p. 28). Raw materials are available there, plus a developing market.

That's why textile men were interested in the recent launching of the Rocky Mountain Wool Council, which will promote the processing and manufacture of western wool.

• **Long-Time Grouch**—For years the wool-growing West has groused about having to ship its product, 60% grease and dirt as it comes from the sheep's back, clear to New England even for primary processing. But no one did much about it.

Now everyone wants to get into the act—industry, the federal government, and the states.

• **Program**—After a meeting in Denver, officials of four wool-growing states—Colorado, New Mexico, Wyoming, and Montana—were starting this week to carry out the program they decided on:

(1) To intervene in a wool freight-rate case before the Interstate Commerce Commission, on which an ex-



BOOSTING HOME INDUSTRY is the task of Colorado's Council for Development of Economic Resources, of which Earl L. Mosley is executive director. More specifically, the council will work for local processing and manufacture of the state's raw materials. One of the first projects it will study is that of cleaning—perhaps even preparing completely for market—a good share of Colorado's wool clip. Mosley is the former city manager of Colorado Springs.

aminer's report is now said to be imminent.

(2) To organize a permanent Rocky Mountain states wool council among themselves, and to invite Utah and Nevada to join.

• **Rate Disparity**—The western states would ask ICC for an adjustment in the freight rates on "tops" (partially prepared wool) to match the lower rates on grease wool. Freight rates on eastward shipments of prepared wool now run much higher than for grease wool. The disparity increases every time the railroads get a flat percentage-rate increase. If this disparity is not reduced, plans for western wool-processing and an eventual western wool textile industry would be set back severely.

The big impetus for a western processing industry has come largely on behalf of wool producers, who are politically powerful at home, but who feel they have taken a beating nationally. Sheep numbers are down about one-third under five years ago. For this, sheepmen blame wool imports and government-fixed prices.

• **Processing Stages**—There are two main stages in processing wool: (1) scouring, or cleaning; (2) top-making, which puts the wool into a soft rope-like form which can be drawn into yarn.

Gov. Lester Hunt of Wyoming calculated at Denver that Wyoming growers pay \$400,000 a year to move eastward the useless 60% of grease and dirt clinging to their raw wool crop. If primary processing moves west, growers reason, they may save money.

• **Negotiations**—Every Rocky Mountain state is conducting private talks with eastern processors who are studying the possibility of moving to the West. The Denver conference was jubilant over a recent editorial in a national trade paper, American Wool & Cotton Reporter; it declared in effect that the wool industry soon would move almost anywhere out of New England, and virtually invited bids from the West and the South.

In addition to state efforts, the federal government has established a wool-testing laboratory at Denver. Formerly western samples had to be shipped to Washington. The federal government is planning a \$60,000 pilot top-making plant, and perhaps even later a pilot textile plant.

• **Industrial Activity**—Western industrialists are busy, too. Landers Packing Co., which recently opened a Denver plant mostly for processing sheep and lambs, plans both a wool-scouring plant and a tannery.

Rocky Mountain Textile Co., which began preparing specialty yarns—including wool—about three years ago, is making an engineering survey of the possibilities for a Western top-making plant.



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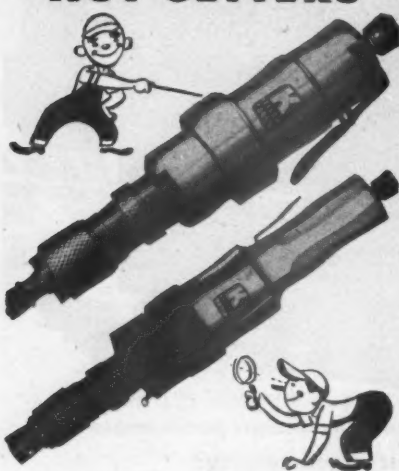
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Radio programs that give listeners everything from Cadillacs to beaver coats plug manufacturers' products before a huge audience for next to nothing. But stations don't profit much.

An almost unknown group of businessmen sat by their radios and rubbed their hands last week. For the third successive Saturday three "lucky" listeners got phone calls from Ralph Edwards, Master of Ceremonies on Procter & Gamble's "Truth or Consequences" program. And for the third successive Saturday the chosen listeners failed to identify "The Walking Man" by the sound of his footsteps, a bit of doggerel verse, and some assorted noise clews.

• **The Brokers**—The hand-rubbing businessmen are brokers. They persuade manufacturers to donate and program directors to hand out the fabulous prizes offered by these giveaway programs. Because of them, the guesser of the name of the "Walking Man" gets a Cadillac sedan, a diamond-and-ruby wristwatch, and other items which most citizens own only in their dreams.

If Procter & Gamble's contest runs long enough, it should attract 25-million listeners. In the ten weeks that the similar "Miss Hush" contest ran, the program's audience doubled.

Giveaway programs like these are winning many friends among businessmen. The prize brokers form only one

group of well-wishers. Sponsors like the programs because they get free prizes. The donors like them because in return for their merchandise, they get a mention on the air—a "plug" for the item given away. In this way they reach a huge audience for next to nothing.

• **Smash Hits**—Even in the radio broadcasting industry's short history, giveaway shows are a relatively new development. Since the war's end, they have mushroomed into smash hits: There are now about 15 on national networks, dozens more on regional and local programs.

How large this bonanza has become is anybody's guess. Conservative estimates value the gifts at more than \$3-million annually; others run as high as \$5-million.

• **"Bride and Groom"**—Jumbo of the giveaway programs is Sterling Products' "Bride and Groom," broadcast five days a week on the ABC net. This program gives over \$550,000 a year to couples who are married at its microphone.

Supplying the bulk of these wedding presents are Tappan Stoves, Servel Refrigerators, Eureka Home Cleaning Systems, Gorham Silver, Max Factor Cosmetics, Art Carved Rings, Kimball

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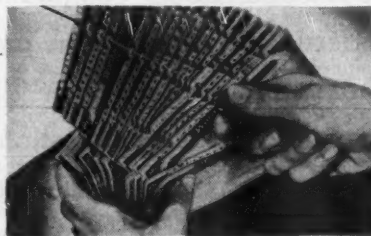
Kala would surely be a mighty handy girl to have around an office! However, she went to India to take up religious work, a few thousand years back. You'll just have to get along with the two-handed kind...

THERE are ways, though, of helping two-handed girls work more efficiently. McBee has had twenty years' experience in methods of expediting and transmitting data and information... making one motion count for many, reducing routine copy, compilation, paper work, at a saving of effort, payroll time, and elapsed time.

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• "Queen for a Day"—Another important giveaway program is Mutual's "Queen for a Day," cosponsored five days a week by Miles Laboratories and Philip Morris. Often the day's "Queen" will receive a windfall of several thousand dollars worth of products and services from as many as 40 manufacturers and retailers. Value of the program's gifts exceeds \$250,000 each year.

Manufacturers are avid for this low-cost advertising. And the radio programs need a constant flow of glamorous prizes. So the small group of businessmen who specialize in this function brings them together.

These middlemen describe their job as "product exploitation," "merchandise counsel," "prize brokerage," and "prize package production." They may be retained either by manufacturers or by the program; sometimes they even work both sides of the street. The manufacturer usually pays either in the form of a retainer or on a per-plug basis.

• **Manhattan Middleman**—One of the more successful firms in the field is George Kamen, Inc., of New York City. Kamen digs up the prizes for "Heart's Desire," "Queen for a Day," "Quiz Kids," and "RFD America."

Kamen keeps a staff of 11 busy turning up ABC washers, Club Aluminum sets, Kalamazoo stoves, Electromaster ranges, Whiting Food Freezers, Gotham Hosiery, and hundreds of other items.

• **Prerogative and Whim**—Sometimes Kamen is forced to buy a prize. One "Queen" demanded a set of power tools as her royal prerogative; another had feet so small that only custom-made shoes would fit her. But most manufacturers give the merchandise and absorb shipping and installation costs.

Kamen's fee is \$55 for each broadcast mention. For this he delivers such varied services as displaying the merchandise to studio audiences and advising a list of 900 department store executives of the mentions.

• **Other Big Brokers**—On the West Coast, Adolphe Wenland & Associates, Hollywood, is a top-ranking supplier. Wenland has a slightly different approach. He does "product exploitation" for about 60 companies, persuading programs to give away his clients' products. Among the products Wenland dispenses are Gruen watches, General Tires, Keystone cameras, Wilson hams, and Play Skool toys.

Still another organization that has carved its own niche in the giveaway business is V.I.P., Inc., New York City. V.I.P. gets prizes almost exclusively for local programs in 25 large cities. It charges the radio programs rather than the manufacturers.

• **Self-Sellers**—About half of the network programs spurn the help of prize

brokers, get in touch with manufacturers, jobbers, and retailers themselves. Producers of radio shows have few kind words to say for the brokers and their handling of the job.

But the trend is toward allowing the merchandise-counsel and product exploiter to shoulder the details. One daytime radio program, which has always obtained its own prizes, has recently muddled this trend: It has gone into the brokerage field in behalf of other network and local shows.

Thus far, there is no sign that anyone involved is thinking about giving up the giveaway or shortening the list of products mentioned on giveaway programs.

• **Everybody Happy**—One network executive says candidly: "Most giveaway programs have better than average audiences. The sponsors all seem to be happy. If we cut down sharply on giveaways, we would probably lose quite a few listeners and definitely lose a lot of advertisers."

Most sponsors don't worry about other products being mentioned on their programs. They point to their Hooper Sponsor Identification factor, which compares favorably with other programs.

• **Except Stations**—But many radio stations carrying the network programs that contain product mentions are not so pleased. They feel that the plugs, loaded on top of the sponsor's message, give their station an unduly commercial air—without additional compensation to them.

The stations also contend that manufacturers whose products are distributed on the giveaway programs consider that their "radio advertising" stops right



GETTING MARRIED—in front of microphone—sets a couple up in housekeeping.

BUSINESS WEEK • Feb. 7, 1948



Parsons Cotton Fiber Paper Keeps the Records

THE long, tough cotton fibers in Parsons Papers for record-keeping sheets and cards take the years in their stride. Such paper is usable and legible far longer than if it were made with less durable materials.

Not only does cotton fiber paper last longer, but it wears better, doesn't fade or discolor, stands more erasing and, in stationery and letters, marks yours as a quality organization. These are the five points of superiority of Parsons cotton fiber paper.

All records, whether on cards or sheets, in bound, loose-leaf, visible, or machine systems will be easier and more economical to maintain, safer for longer, and have greater legibility, on cotton fiber paper.

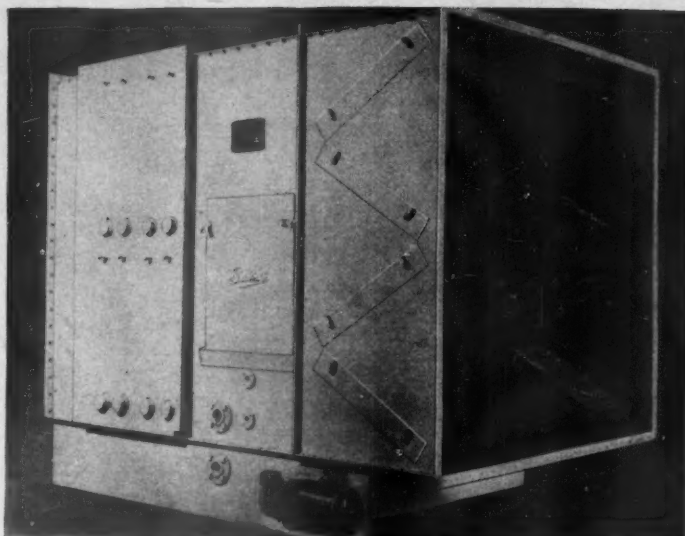
Remember, it pays to pick Parsons. Bonds, ledgers and indexes are available in a wide, economical range of colors and weights. Your records and cards will be more useful to you if you insist on the paper with the five points of superiority. Parsons Paper Company, Holyoke, Massachusetts.



BETTER
FIVE
WAYS

It Pays to Pick
PARSONS
P A P E R S
Made with New Cotton Fibers

AIR EQUIPMENT TO HELP YOUR BUSINESS



There's Profit in Comfort -FROM BUFFALO PC CABINETS

• Wherever people congregate to work, play or shop, you make more friends when you keep them comfortable. Buffalo PC Cabinets are doing this good-will job in leading plants, offices and stores—keeping air dependably warm or cool, dust-free, humidified or dehumidified as desired. Why not investigate the "better business" possibilities in these units? Write:

Start Now!

WELCOME
MORE
CUSTOMERS
WITH CONDITIONED
AIR!

BUFFALO FORGE COMPANY

458 BROADWAY BUFFALO, N. Y.
Canadian Blower & Forge Co., Ltd., Kitchener, Ont.

EQUIPMENT

- ★ VENTILATING
- ★ HEATING
- ★ COMFORT COOLING
- ★ PROCESS COOLING
- ★ AIR TEMPERING



- ★ AIR WASHING
- ★ EXHAUSTING
- ★ BLOWING

FOR

- ★ FORCED DRAFT
- ★ INDUCED DRAFT
- ★ PRESSURE BLOWING
- ★ CLEANING
- ★ DRYING

CUTTING COSTS IN EVERY BRANCH OF INDUSTRY

there. Particularly riling are occasional ads by giveaway program donors reminding dealers of the "radio support" the manufacturer is giving them. Only a handful of these manufacturers spend money on any other type of radio advertising.

• **New Code?**—The merchandise brokerage business and the giveaway programs themselves now face only one major problem. That is the proposed new code of the National Assn. of Broadcasters.

The code, stalemated until the industry's May convention, provides that all references to products or services with trade names "be construed as commercial copy" and subtracted from the time allowed the sponsor for that purpose. If adopted, this provision could ruin the brokerage business. But the brokers, close to the realities of the radio broadcasting industry, are betting that it will never get off the ground.

Sales Runaway

Denver retail sales tax chases shoppers out of city, spurs grocers' price war. Unfair practices act faces test.

It looked like the mid-1930's in Denver last week. Chains were cutting prices on foods drastically. Independent grocers were running to court charging violation of the unfair practices act. Shoppers were in an uproar.

What set the whole thing off was Denver's new 1% retail sales tax (BW—Jan. 24 '48, p64). That was piled onto the existing state retail sales tax of 2%. When the city levy went on, smart Denver housewives hied to the suburbs, did



PRICE CUTTER in race to beat Denver's sales tax: Miller Groceteria's Morris Miller

BUSINESS WEEK • Feb. 7, 1948

their buying in shops outside the city limits. The local Montgomery Ward store reported that the total 3% city and state levy had lost the store up to \$110,000 of business in recent weeks; in areas around Denver, however, Montgomery Ward stores showed huge sales gains.

• **Price War**—To get their hotfooting customers back, the big retailers opened up a full-fledged price war. Morris Miller, of Miller Groceteria Co., led off with cuts of 10% on 80% of the items he sells. Miller runs 13 big supermarkets in the Denver area.

That brought the state's unfair practices act into the picture. Miller denies that his prices are below the limits set by the act (less than cost). He says he'll keep his low margins for six months; he counts on luring in big customers—like restaurants and rooming houses, thus boosting sales volume. If his move to lower prices works, he says, "Maybe we'll never raise them."

• **Counterattack**—The Civic Assn. of America, composed of independent Denver merchants, is trying to use the unfair practices act to bring price-cutters back into line. Save-A-Nickel Stores, a Denver chain of five shops, promptly hit back. When Civic Assn. of America accused it of cutting prices below the legal limit, Save-A-Nickel countered that the state law was unconstitutional. The association took to the local courts. Save-A-Nickel replied by advertising in the local newspapers: "Who is suing Save-A-Nickel for bringing food prices down?" That whipped up public interest in the price policy.

This is the first time in the 10 years of its life that the unfair practices act has been openly defied.

• **Comparison**—Here's the way prices looked after Miller and other Denver chains began to cut:

Item	Old Price	New Price
Salad dressing	66¢	58¢
Catchup	20	17
Flour, 10-lb. sack . .	88	82
Furniture polish . . .	21	17
Canned tuna fish . .	41	37
Breakfast oats, large.	36	35
Malted milk	38	33
Green beans, No. 2		
can	21	20
Wax beans, No. 2		
can	23	22
Pork and beans	26	22
Apricots, No. 10 can	79	69

• **Catching Up**—To catch the errant shoppers, Denver city fathers are meditating a further step. They would pass a use tax ordinance that would compel migrant buyers to pay the 1% sales tax on all goods bought outside city limits. Councilmen say the ordinance wouldn't hit the housewives. It would apply only to big sales, and to mail-order purchases from outside the city for delivery in city limits.

"My secretary and I just adopted the Dictaphone twins!"

*Both are electronic—
so they behave beautifully*



One is a great Listener

My favorite—the Dictaphone Electronic Dictating Machine—makes dictation a relaxation! All I do is sit back and think out loud. The electronic mike catches every word . . . even a whisper!

Dictaphone Electronic Dictation spells easier operation, clearer recording—in short, perfection!



The other is a great Talker

That's for me! It's the new Electronic Transcriber—latest addition to our famous Dictaphone family . . . kin and counterpart to the Dictaphone Electronic Dictating

DICTAPHONE Electronic Dictation

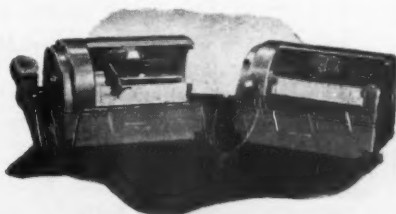
The word DICTAPHONE is the registered trademark of Dictaphone Corporation, makers of Electronic dictating machines and other sound-recording and reproducing equipment bearing said trade-mark.



Machine. Now I breeze through transcription electronically.

This transcriber has so many advantages: Three radio-like dials regulate volume, tone and speed separately, bring me any dictator's voice the way I want to hear it! . . . A new headset, light as a whisper, with its thin electric cord instead of the old rubber tube. New clarity of reproduction, new foot control guides and rests and the new muting switch that smothers machine sounds.

Just every convenience I need for ease, speed and comfort is built right into the machine. And that's why I'm sold on Dictaphone Electronic Transcription!



The Dictaphone Twins

For an eye-opening, ear-opening demonstration, call your local Dictaphone Representative. Let him show you how the Twins can save you time and money. Or just mail the coupon below.

Dictaphone Corporation, Department F-2
420 Lexington Avenue, New York 17, N. Y.
☐ Please send me descriptive literature.
☐ Please demonstrate Twins in my office.

Name _____

Company _____

Address _____

City _____ State _____

TO WEIGHT-SAVING ECONOMY

ADD "NO DETERIORATION"
"PROMPT DELIVERY"

ESCHENBACH & RODGERS, Inc.

HAULING CONTRACTORS
530 N SEVENTH AVE.
SCRANTON 3, PA

Reynolds Metals Company
Truck & Trailer Division
Louisville, Kentucky
Gentlemen:

In June of this year we purchased four Reynolds all aluminum bodies through the Campbell Body Works, Olyphant, Penna. These bodies are 16 feet long and 7½ feet wide and are equipped with a ¼" aluminum diamond tread plate flooring.

Three of these trucks have been equipped with an Anthony Hydraulic Tail Gate and are used in the delivery of Jane Parker Bakery Goods to A & P Stores in lower New York State. These trucks have traveled in the past four months 24,480 miles, or 255 miles per day for six days a week. They have not deteriorated one iota in appearance during this mileage and cannot be distinguished from a truck just out of the factory. Overall weight is but 9700 lbs.

The other truck has been used in the delivery of groceries, produce and bakery products to various A & P Stores, and like the three mentioned above, is still a brand new truck, despite the fact that 25,340 miles have been traveled in four months.

At the present time you cannot buy a truck body within a radius of 135 miles from Scranton in less than three months delivery, whereas we have given our order on Tuesday for the Reynolds Body through the Campbell Body Works and delivery was made on Saturday, just four days later. Immediate delivery still obtains.

We cannot praise the Reynolds aluminum body too highly and we are looking forward to years of steady usage.

ESCHENBACH & RODGERS, INC.

By

Hugh J. Rodgers

Assembly from stock parts. For name of nearest distributor write Reynolds Metals Company, Truck & Trailer Division, 2000 South Ninth Street, Louisville 1, Ky.

THE LIGHTWEIGHT CHAMPIONS
OF THE ROAD



IF YOU SEE RUST
YOU KNOW IT'S NOT
ALUMINUM



**REYNOLDS ALUMINUM
TRUCK BODIES**



OIL-O-MATIC'S operating chief Matheson checks furnace for efficiency

Beating Oil Pinch

Eureka Williams Corp. uses save-fuel theme to sell new oil burners. A new phase: free check of heating efficiency.

At least one oil burner manufacturer is striving to make capital out of the current fuel oil shortage.

Two months ago Williams Oil-O-Matic Division of Eureka Williams Corp. announced the first phase of that program (BW-Nov. 15 '47, p54). That was its "3-and-3" campaign—three hours to install a new burner (making winter installations possible) and three years to pay. The company used conservation as its main sales theme: Get a more efficient oil burner and thereby save fuel.

• **Second Phase**—Last week it kicked off the second phase. Also geared to the fuel oil conservation message now being dinned in oil users' ears, it has three objectives:

(1) Create customer goodwill by showing householders how and where to cut heat losses and reduce oil-heating costs.

(2) Build dealer organizations by making them "merchants of automatic heat" rather than simply oil burner sellers. This involves sale, or at least tie-ins, with other retailers for sale of storm sash, insulation, weatherstripping, controls.

(3) Sell more replacement oil burners. The company figures that at least 10% of the nation's 3.5-million oil burners are over-aged, inefficient, and

A Distributor serves you Best



Fairway water hose is a distinctive, long-life water carrier for many uses.

It is flexible, easy to handle, and will not kink. Premium braided construction combines strength and flexibility beyond service requirements.

The tough cover resists abrasion, chipping, and sun checking.

**YOU PAY NOTHING TO HAVE A REPUBLIC RUBBER DISTRIBUTOR'S
TRAINED STAFF EASE YOUR PURCHASING ROUTINE**

Quality
**POINT NUMBER TWO IN
REPUBLIC'S FIVE POINT POLICY**

A quality of product
uniformly good and capable
of delivering service
results that should
reasonably be
expected.

A QUARTER CENTURY OF PROGRESS



**MECHANICAL RUBBER GOODS BY
REPUBLIC RUBBER
DIVISION**

REPUBLIC RUBBER DIVISION
LEE RUBBER & TIRE CORPORATION . . . YOUNGSTOWN, OHIO
Lee Deluxe Tires & Tubes, Conshohocken, Pa.



Ex-Congressman
William H. Carter
President

William Carter Company

Here is the bond paper pie chart of The William Carter Company, our country's largest manufacturer of underwear for the entire family. This 83-year-old company makes wear-tested and laboratory-tested underwear for infants, children, boys and girls, juniors, misses, and men and women. Carter's holds its customers, generation to generation, because it has always set the highest standards for underwear, both in style and in high quality. As with their new, all-nylon slip, which is sewed with nylon thread and trimmed with Ametex* nylon lace, the Carter Company is thorough in everything they produce. In their infants' and children's lines, their Jiffon* shoulders and Nevabind* underarms show why,

in styling as well as in comfort and wear, the Carter name is at the top in the underwear world.

The Carter Company has plants in Needham and Springfield, Mass., and in Barnesville, Ga. It has sales offices and display rooms in Boston, New York, Philadelphia, Chicago, San Francisco, Los Angeles and Dallas.

Like Carter's fine underwear, *Balanced Certificate Bond* is also a nationally famous product. Certificate is fabricated in a *balanced* sheet with the correct pop test, tear and folding endurance for its fiber content. For beauty and utility, on all types of printing machines and processes, specify *balanced Certificate* — Bond, Opaque Bond, Ledger and Index. ®

CERTIFICATE BOND

Manufactured by Crocker-McElwain Co., Holyoke, Mass.

The Certificate Family of balanced papers, bond, opaque, ledger and index, is fabricated for modern production needs, letterpress and offset, and for typewriters and office printing machines.

they should be replaced with new ones.

• **Survey**—Dramatizing the new marketing approach, Oil-O-Matic assembled 70 engineers, sales personnel, and representative dealers. He sent them all off on a one-day house-to-house survey in Champaign and Urbana, Ill. Even the executive vice-president of Eureka Williams, W. A. Matheson, pitched in as well.

The survey crew was armed with handbooks for checking heat losses, scientific gages for recording efficiency of oil heating plants. Some results of the checkup:

- 36% of the homes kept temperatures above 70 degrees;
- 87% had heating plants operating below par;
- Only 20% were completely weather-stripped;
- Less than half had storm sash;
- Slightly more than half had insulation, but 75% of these had only attic insulation;
- Less than half of the householders said that they set their thermostats back at night.

One favorable aspect of the survey: 80% of the householders that were approached invited the men in to make the checkup.

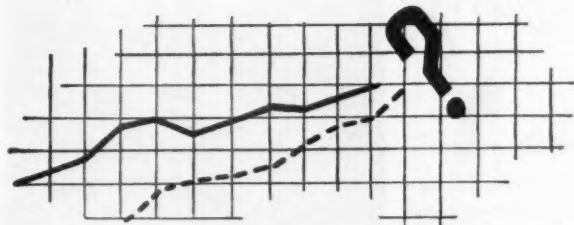
• **Campaign**—The national dealer organization of Williams Oil-O-Matic has been mobilized to make these free surveys of oil-heated homes all over the country. Supporting this, there will be a newspaper, magazine, and radio advertising campaign, calling attention to the company's "Fuel Conservation Engineering" home surveys. Direct mail literature and window streamers also will be used.

Television Gets Three Heavyweight Sponsors

Television got several good boosts last week. Biggest was the signing of a contract between R. J. Reynolds Tobacco Co. (Camels) and 20-Century-Fox Film Corp.; the contract calls for Fox to produce and Reynolds to sponsor five newsreels per week over the eastern television network of National Broadcasting Co.

Reynolds' first ten-minute newsreel will go on the air Feb. 16. Viewers in New York, Philadelphia, Washington, Schenectady, N. Y., and probably Baltimore will see it.

• **Solution?**—Besides adding a big cigarette company to the list of video sponsors, the deal offers one solution to the problem of how newsreels will be handled over television. Until the Reynolds-20 Century contract, each broadcaster prepared his own news telecasts. Video soothsayers are now circulating rumors of similar deals to be closed be-



HOW FAR AWAY IS YOUR "BREAK-EVEN" POINT?

Sales are up, sure. But, in most cases, costs are up even more. In fact, so heavy is the burden of operating overhead today that a slight slump in sales might find many firms at the "break-even" point—if not below it.

That's why alert management men are demanding as never before *facts, facts and more facts*—complete, up-to-the-minute information on which to base sound decisions and plan successful strategy. And that's *one*

important reason for stepping up the mechanized efficiency of your office and accounting procedures. When you replace obsolete equipment with modern Burroughs machines and methods, you *get today's facts today*. And your people do their work in less time, with less effort, at less cost.

Why not talk it over with your local Burroughs representative? Burroughs Adding Machine Company, Detroit 32, Michigan.

WHEREVER THERE'S BUSINESS THERE'S

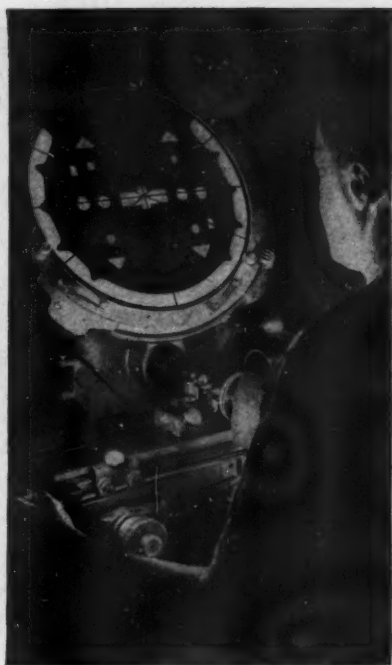
Burroughs

THE MARK OF SUPERIORITY
IN MODERN BUSINESS MACHINES



*Exceptional
Adaptability*

Measuring the dimensions and orientations of punched holes in radio tube micas, to tolerances of .0001", on a Jones & Lamson Optical Comparator. Photographs courtesy Hytron Radio & Electronics Corp.



This is a typical example of the adaptability of Jones & Lamson Optical Comparators to unusual inspection needs. These Comparators are designed to cover an almost unlimited range of inspection work—they provide a means of inspection that is accurate, rapid and economical. Costly gages can be dispensed with, costly time saved and quality improved.

Many components and products formerly inspected by slow, tedious methods that retarded production and drained profits, are now inspected in a matter of seconds or minutes on Jones & Lamson Comparators, with consequent savings all along the line.

Our engineers are inspection specialists, their knowledge of holding fixtures, handling methods and suitable Comparator equipment, qualify them to study your inspection problems, no matter how unusual, and make recommendations that will improve your profit picture. They have for others.

Write for descriptive literature.
Or, better still, ask for one of our
inspection engineers to call.



JONES & LAMSON MACHINE COMPANY
4 Clinton St., Springfield, Vermont, U.S.A.



Manufacturer of: Universal Turret Lathes • Fay Automatic Lathes • Automatic Double-End Milling and Centering Machines • Automatic Thread Grinders • Optical Comparators • Automatic Opening Threading Dies and Chasers • Ground Thread Flat Rolling Dies

Jones & Lamson
OPTICAL COMPARATORS

tween other newsreel companies and big advertisers.

Liggett & Myers Tobacco Co. (Ches-terfields) also made television news. That company will sponsor telecasts of the New York Giants' home baseball games over WABD, DuMont's New York station. For radio and television broadcast rights, Liggett & Myers paid \$250,000.

• **Auto Sponsor**—An auto manufacturer joined the parade, too. Oldsmobile agreed to sponsor a newsreel Sunday nights over WNBT, NBC's New York outlet. The Oldsmobile news-movies are collected and produced by NBC rather than by a newsreel company. Neither the Liggett & Myers nor Oldsmobile shows will be on a chain.

Kaiser-Frazer Corp. is already in the act with an hour weekly show over the four-station DuMont network. The show, known as "The Original Amateur Hour," started Jan. 18. The first schedule is for 11 weeks, but Kaiser-Frazer is expected to sign a new contract after American Telephone & Telegraph Co. produces a rate schedule for use of its network coaxial cables. Currently the cables are being utilized by telecasters at no charge.



DRINKERS' BEARD BAR

The wavering hand takes many a casualty on morning-after shave session. But, for a brief period, patrons at Robert Lehder's Picadilly Restaurant Bar in Stamford, Conn., could do their whisker-chopping while nerves were still calm and fingers steady. Installed at the bar was a battery of electric shavers. Despite the fact that the shaves were strictly self-service, local barbers howled. Then the State Beverage Control stepped in, forced Lehder to yank the clippers. Here is Ray Kilduff, who liked the idea while it lasted, having his shave with his nightcap.

What is Rayon?

Tennessee Eastman cuts out word to tag synthetic cellulose fibers, faces a terminology squabble.

Tennessee Eastman Corp., second largest producer of cellulose acetate fibers, last week cut the word "rayon" out of its vocabulary in describing its synthetic cellulose fibers. The reason: When a housewife buys a bathing suit, slip, or dress of "rayon," she may be buying a garment made of either viscose or cellulose acetate—or a mixture of both.

The hitch is that the two fibers have very different properties. They take different dyes, respond differently to heat and water. Tennessee Eastman believes it isn't fair to offer two such diverse fibers to the public as if they were the same product.

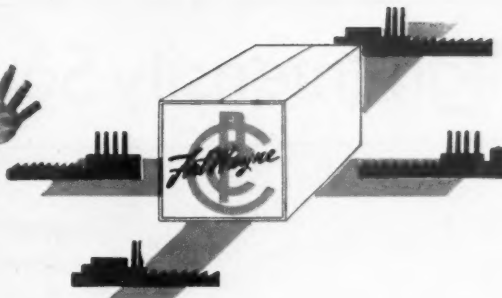
• **Rayon Is Rayon?**—The rayon argument first came to a head in 1937. In that year, the Federal Trade Commission got producers of viscose and acetate fibers to agree on the use of the word rayon as a generic term for all products containing synthetic fibers. Eastman alone dissented, but went along with the rest of the trade.

Later, FTC accused Celanese Corp. of America—leading producer of acetate fibers—of breaking the agreement by failing to call its acetate fibers rayon. The case has been batting around for some time, is now nearing the final argument stage. Chances are that the commission won't file similar charges against Tennessee Eastman until the issue has been settled in the courts—a matter, maybe, of two or three years' litigation.

• **Labor Trouble?**—Fabric and garment makers have a stake in the dispute. They might carry on their product labels two identifications at once: (1) the longer, more specific designation of the precise kind of "rayon" in the product; (2) the word "rayon" to conform to FTC. Or they might simply continue to use the broad word "rayon" alone as designation.

It's a headache for FTC too. There aren't many rayon producers, but there are literally thousands of converters and manufacturers using the product. If FTC decides to move in on manufacturers and retailers, it will have a big policing job tracking down violators of the 1937 conference rules.

• **Big Job**—Production figures give a good idea of the size of the problem. For the first nine months of 1947, viscose output totaled 593.9-million lb.; acetate, 200.5-million lb., according to the Textile Economic Bureau.



FOUR POINTS FOR SHIPPERS TO REMEMBER

America's great shipping areas today find in Fort Wayne's four well placed manufacturing units the quick accessibility that brings efficiency and economy in solving container problems.

Through his nearest Fort Wayne plant, the shipper directly commands all the specialized knowledge and experience gained in Fort Wayne's 40 years of concentration on container making. While separated geographically, all four plants are as one in delivering the same controlled uniformity of product, the same famed Fort Wayne quality in corrugated containers.

Rochester, Pittsburgh, Hartford City, Chicago

...four Fort Wayne manufacturing points

...four points for shippers to remember.

CORRUGATED FIBRE BOXES
CORRUGATED PAPER PRODUCTS

Fort Wayne

CORRUGATED PAPER COMPANY

General Offices

Fort Wayne 1, Indiana

Plants

Rochester, New York
Chicago, Illinois
Pittsburgh, Pennsylvania
Hartford City, Indiana

Mills:

Hartford City, Indiana
Vincennes, Indiana

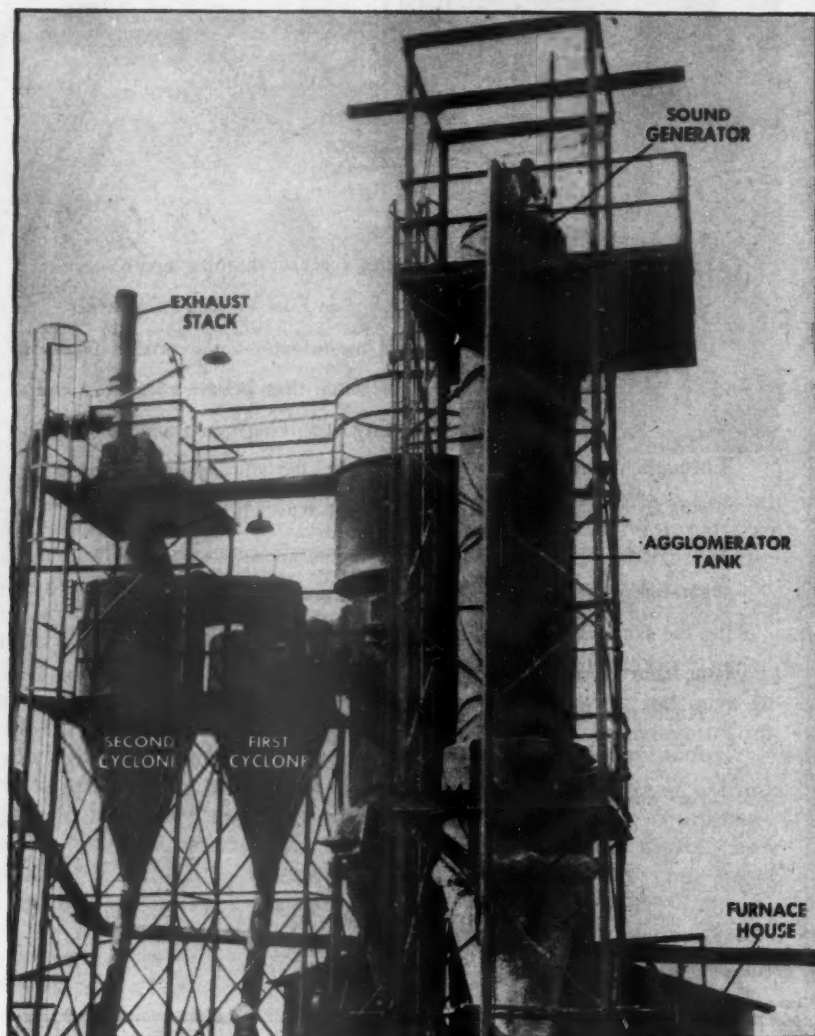
Sales Offices:

Chicago, Ill. • Pittsburgh, Penna. • New York, N. Y. • Rochester, N. Y.
Buffalo, N. Y. • Jamestown, N. Y. • York, Penna. • Cleveland, Ohio • Lima, Ohio
Dayton, Ohio • Cincinnati, Ohio • Muncie, Ind. • Indianapolis, Ind.

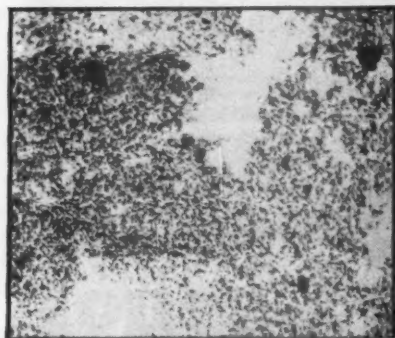
	FABRICATION RATING											
	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
120												
110												
100												
90												
80												

PRODUCTION

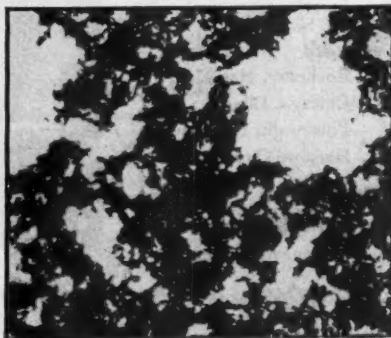
High-Intensity Sound Works for Industry



SMOKE KILLER: Sound waves aimed at exhaust gases bounce carbon-black particles together. The enlarged particles then pass through centrifugal separators, are collected in bags.



BEFORE: Untreated carbon particles in smoke resemble a fine grey network



AFTER: Large particles resulting from exposure to sound are easily separated

Sound waves precipitate carbon black from smoke, help dry soap and paper, age beer and liquor, may disperse fog.

One way to make beer taste better is to bounce sound waves off the brew. Oldtime brewers knew this trick; some of them stored their beer under elevated railroad structures. The sound waves from the vibrations of the cars "aged" the beer, causing the small molecules to "grow" into larger, better-tasting ones.

The brewers didn't know the basic principles involved, but they were making one of the first commercial applications of sound waves.

• **Industrial Uses**—Today, thanks to extensive laboratory study, sound waves are going to work for industry. News seeped out last week that Lever Bros. would soon use sound waves to knock out water during soap-making.

Among other present and proposed uses: causing smoke particles to drop out of exhaust gases discharged from chimneys; drying paper during manufacture; dissipating fog; aging liquors; pasteurizing milk; making water-oil mixtures stay mixed; recovering fine metallic dusts usually lost in smelting operations; discovering flaws in metal parts.

Most commercial applications up to now have used low-powered sound waves limited to a single frequency. But new units, many times more powerful and able to operate on several frequencies, are making the big noise today in industrial uses.

• **What Is Sound?**—Fundamentally, sound consists of a series of alternate increases and decreases in pressure—like the series of ripples caused when a stone is dropped into a still pond. The pond represents the atmosphere; the stone, the exciting medium (or sound source); the ripples in the water, the waves of sound. Frequency (or pitch) is determined by the number of times the pressure increases or decreases; it is expressed in cycles per second. Your ears can probably pick up sound with frequencies lying between 500 and 18,000 cycles per second.

Another measure of sound is intensity. This factor expresses the pressure variation. (To carry the water analogy further, high-intensity sound can be likened to big waves.) Scientists use the decibel to measure intensity, with zero decibels being the lowest level



The South Has A "New Look", Too!

The up-to-the-minute modern South has a *new look* too...one that's setting the business style for the nation.

You can see it in the thousands of busy modern industries all along the 8,000-mile Southern Railway System...in the endless volume and variety of finished products they're fashioning...in the new factories going up everywhere...in the rapid expansion of

established businesses...in the optimism and confidence on all sides.

In this "new look" you will find a bright pattern for your economic future...years of unlimited opportunity in a fertile land that's tailor-made for sound industrial growth and prosperity.

"Look Ahead—Look South!"

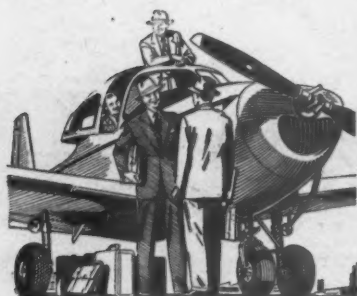
Ernest E. Harris
President



SOUTHERN RAILWAY SYSTEM

The Southern Serves the South

MAKE A BUSINESS TRIP BY AIR FREE!



Would you like to make a business trip by private plane—absolutely FREE?

No, we're not crazy. We just think that an actual business trip is the best way to prove the amazing speed, comfort, and convenience of the all-metal, 4-place *Ryan Navion*. In this way, without taking a minute of your time from your business, we can best demonstrate the many advantages this practical plane can give you and your company, business, or profession.

All we ask in return is a few minutes during the flight to explain to you how the 150 mph *Navion* costs no more than a car to drive, and how businessmen everywhere are finding that this rugged, safe, easy-to-fly plane is a money-maker for them.

You are, of course, under no obligation to us. If you're interested in either a business trip or an airport demonstration, drop us a note on your business letterhead, and we'll have our nearest dealer get in touch with you.



RYAN AERONAUTICAL COMPANY
1002 Lindbergh Field, San Diego 12, Calif.

of hearing. A noisy subway station might have a decibel rating of 100; above 120 decibels sound gets painful. The new industrial sound generators operate at intensities of 160 decibels or higher; operators have to be "insulated" against the noise.

• **"Silent Sound"**—It is possible to have sound of almost any given intensity at any given pitch. But the limit of audibility is set by the pitch and not by intensity. So no matter how loud a sound is, it won't be heard unless it lies in the audible frequency range. Thus, it's possible to have silent sound, of very high intensity. You can't hear it—but its effects are there all the same.

Experimentation and pilot-plant testing today extends all the way from frequencies that can be heard up into the silent, 500,000-cycles-per-second range.

• **Selling Noise**—One of the newest types of equipment has been developed by a newcomer in the sound field: Ultrasonic Corp., Cambridge, Mass. Right now, Ultrasonic is busy peddling noise to industry. Its unit can run at frequencies ranging from 500 to 400,000 cycles per second.

The device is essentially a king-size siren. Pressurized air flows out of holes in a high-speed rotating disk, past stationary vanes which cut it into short pulses. These pulses are focused by horns. The unit can convert about half of the energy in the compressed air into sound; a conventional siren only gets out about one part in a hundred. A few feet from the generator, the sound is 100 times as intense as the noise from a 2,000-hp. aircraft engine running full blast in a small room.

• **First Test**—With this mammoth noise-maker Ultrasonic set out to commercialize sound. The smoke problem was tackled first, and a unit installed at the Godfrey L. Cabot, Inc., plant in Texas (picture, page 54).

The installation is reclaiming 96% of the carbon black in the smoke, and at

7¢ a pound, profits from the byproduct are excellent. This profit is obtained in addition to savings from heat loss and the elimination of the smoke nuisance.

• **Explanation**—Here's how this process works: Sound vibrations are set up in the stack. Extremely small particles suspended in air tend to follow the movement of the sound waves; large particles float. So the sound waves cause collision of the small particles with the large ones, force the carbon black particles together into masses sufficiently heavy to fall into the collection bin at the base of the flue (lower pictures, page 54).

• **Others**—Ultrasonic Corp. has installed a similar unit in a Maine paper mill. Six others are being built. Ultrasonic will install them, and guarantees to keep them going satisfactorily. It takes six to eight months to install a unit: Cost is between \$200,000 and \$300,000.

In general, the finer the particles of a suspension, the more readily they are coagulated by sonic power. Hence, the greatest use will be in fields where dust particles are smaller than 10 microns diameter—about as fine as face powder.

• **Newcomer**—Ultrasonic Corp. is the first to get into the "sound" market on any kind of a broad scale. Formed only two and a half years ago, the corporation now has 27 staff members. It is headed by President Harold Danser, and vice-presidents Caperton B. Horsley and William A. Van Allen (pictures, below and page 57). These three also serve on the five-man board of directors of the corporation.

They started work in a small shop in Boston's Back Bay area, which was spasmodically treated to a wide variety of noises emanating from the rooms of the company. Characteristic noise sounded like a giant peanut stand—a shrill whistle.

• **Applications**—Some other promising fields for sonic power: the precipitation of acid mists like sulphuric acid in industrial plants; the evaluation of pilot



SOUND MEN: Harold W. Danser is 32-year-old president of Ultrasonic Corp. . . .



. . . Vice-president Caperton B. Horsley is in charge of engineering . . .

sensitivity to noise from wind intensity and engines in jet-propelled planes (this is considered vitally important to commercial operation of jet planes); and the precipitation of chemical fogs that are difficult to handle by other methods.

Natural fog is another problem that may yield to sonic precipitation. Navy tests indicate that this may consume a lot of power—but only about one-tenth the amount consumed as fuel by fido installations (which burn the fog away).

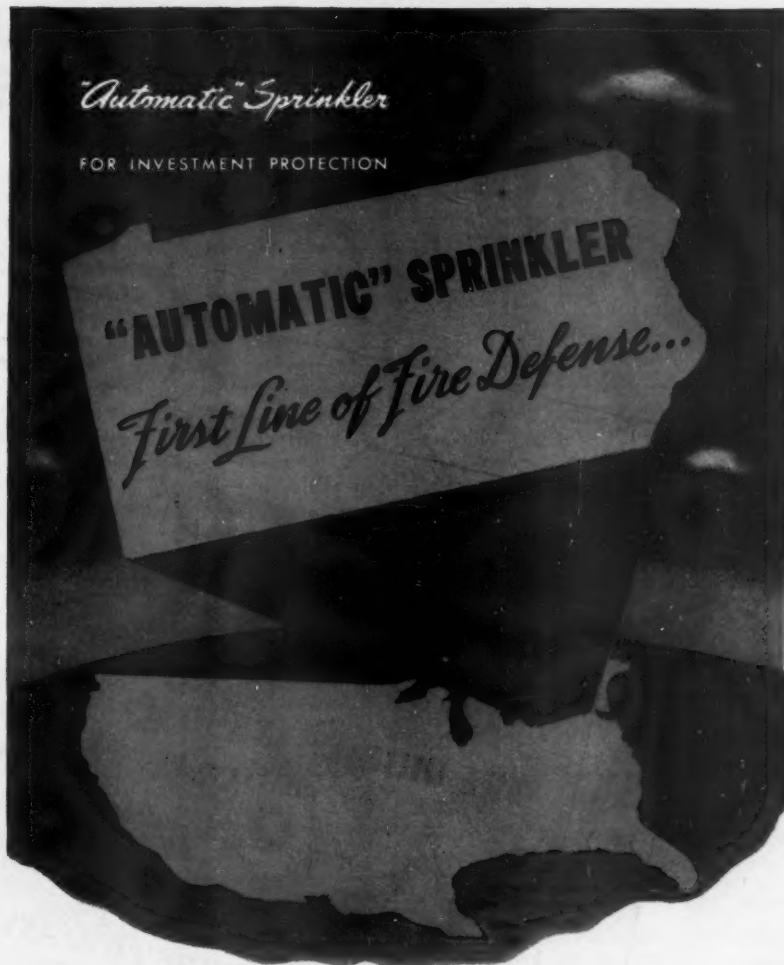
• **Savings for Paper Makers**—In paper drying, a unit has been installed at the Southern Advance Bag & Paper Co. plant in Hodge, La. Sound waves shake water out of the paper sheets by vibrating the sheets. Because paper drying is one of the most costly processes in the paper mills, the Hodge experiment is of vital significance to the industry. It is too early to say it has proven itself, although Ultrasonic reports great promise.

In sound-treated liquors, the company admits there is some difference in the quality of naturally aged liquors and those aged artificially by sound waves. But here again, experimentation is expected to reduce that difference. Natural aging of liquors is a long and costly job. And the advantages of the natural processes are so small even now that sonic experts are encouraged to keep on in this direction; they believe they can save distillers and brewers millions of dollars in production costs.

• **Goal**—Ultrasonic isn't interested in the gadget angle of sound (like the silent dog whistle). Nor is it interested in invading the field where electronically produced low-power sound waves do a satisfactory job (flaw detection in metals, underwater detection, or paint-mixing). What it's after is high-frequency sales of high-intensity sound. That it is well on its way can be seen in the fact that the \$250,000 company right now has more than \$500,000 worth of business on the books. And the future looks even better.



... William A. Van Allen, 25, is vice-president for production and contracts



In Pennsylvania . . . Elsewhere, too!



For thousands of years, the greatest amount of energy has been exerted to master fire, but fire is not a trivial matter and, although you may lessen its probability, you cannot remove its possibility. The lessons to be taught from fire are not to be found in the ashes of dissipated hopes. Tens of thousands of buildings, protected by means of *"Automatic Sprinklers"*, stand as "perpetual monuments" of foresight.

Claims may easily be made, but the accomplishments of *"Automatic Sprinkler"* during more than sixty years of fire protection development, must have ability behind them. Their position has been gained by fighting fire. They have won because they have outwitted fire.

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mit greater service to metal working
plants seeking ways to lower costs,
speed production and improve products.**





EVERYTHING from pop to motor oil is going into bottles with fused-in labels.

Bottles Get Built-In Labels

The ancient Egyptians had a process for it. But it wasn't until 10 years ago that it became a 20th century, production-line labeling method. Now more and more users of glass bottles are switching to permanent, fused-in labels.

Initially, fused-in labels cost more than their paper counterparts. But their advantages are numerous: They last as long as the bottle itself. They can't slip off in the icy water of a cooler; their colors don't run or fade. In the long run they save bottlers handling costs.

Ball Brothers Co. of Muncie, Ind., began research on fused-in labels in 1937. The company already had quite a few users by the time the war forced it to shelve the process for the duration. Now everything from fruit juices to chemicals is being put up in bottles with permanent labels.



LABEL DESIGN is applied to a fine wire screen by a special photographic process. Screen holes are filled except for design outline. It then gets an inspection.



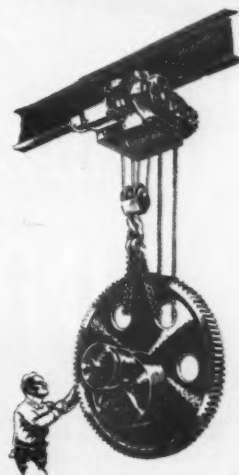
BOTTLE IS PRINTED on a semiautomatic machine. Screen slides between bottle and squeegee which forces special paint through.



ON MESH BELT bottles with unfused labels pass through an oven. They are gradually heated to 1,200 F. to finish the fusing.

NORTHERN ELECTRIC

HI-LIFT HOISTS



SAVE EXPENSIVE SET-UP TIME

Machine time—only the time in which the machine is actually producing—is dependent upon set-up time. Northern Hi-Lift Hoists are at least as important as good cutting tools, jigs and fixtures, —because they can help reduce set-up time.

Capacities range from 500 lbs. to 15 tons. Hi-Lift design permits use in low headroom locations, —or adds 12" to 36" to the effective height of your building.

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NEKOOSA-EDWARDS PAPER CO., PORT EDWARDS, WISCONSIN

New Jobs for DDT

Output last year was so high that pesticide market is near saturation. Makers search for other uses to build new markets.

This year will be a crucial one for manufacturers of DDT.

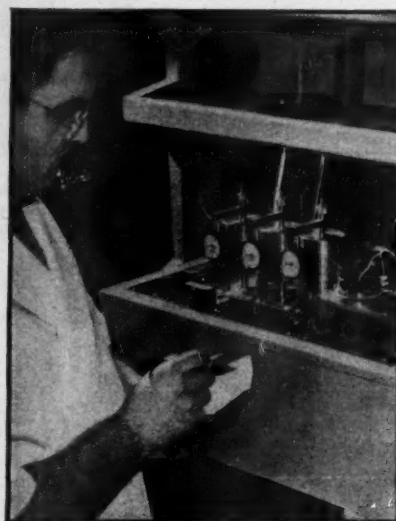
Some 50-million pounds of the stuff were made in '47. That's equivalent to a billion or more pounds of pesticide, because DDT is generally used in 3% to 5% concentrations. So there are big stocks today. If production is to be kept at '47 rates, new uses must be found.

So the industry is leaning heavily on its researchers and experimenters.

• **Applications**—Progress in research in the past three years has shown:

- (1) DDT is of value in controlling insects that spread typhus, malaria, and dengue fever;
- (2) It shows great efficiency in controlling the house fly;
- (3) It helps to cut the incidence of potato diseases;
- (4) It controls major insects that prey on forest and shade trees;
- (5) It destroys certain cotton insects.

Among the possible uses that researchers are investigating now: treating bags and containers to keep bugs



A HOUSE TO WORK IN...

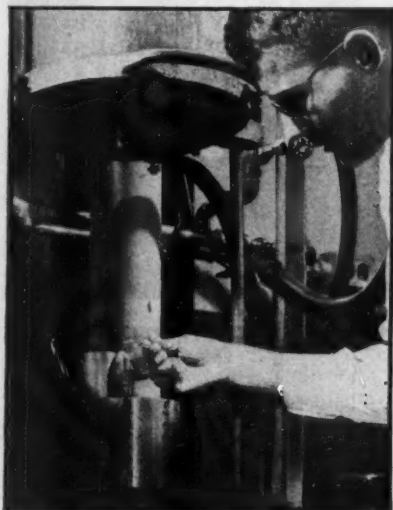
Plastics have a bright spot in Eastman Kodak's research picture. A new plastics laboratory was opened recently at its Rochester camera works. There, under Garson Meyer, chief chemist at the works, engineers will take a closer look at the plastics that go into cameras, carrying cases, and other equipment. To show Eastman people what others are doing in plastics, there'll be a parts museum with hundreds of plastic products.

out; dusting timberland to discourage the tussock moth; spraying cattle for insect control. DDT is still not successfully applied in interior paints; in a suitable vehicle it can be used for transparent coating of screens and doors.

• **German Discovery**—DDT is another one of those chemicals that was first made in Germany. That was way back in 1874. Its use as a pesticide wasn't discovered until 1939. The shortage of pyrethrum powder led J. R. Geigy S. A. of Basel, Switzerland, to send some DDT powder to its U. S. branch as a substitute. (Geigy had previously tried it out on beetles and lice.)

Geigy tied up the use of the powder as an insecticide, now collects a royalty from every manufacturer who compounds the chemical for such uses.

• **Producers**—Manufacturers of technical DDT chemical (DDT ready to be mixed into an insecticide) include: J. T. Baker Chemical Co., Philipsburg, N. J.; Cincinnati Chemical Works, Inc., Cincinnati (a Geigy affiliate); E. I. du Pont de Nemours, Wilmington, Del.; General Chemical Co., New York; Hooker Electro-Chemical Co., Niagara Falls, N. Y.; Kolker Chemical Works, Newark, N. J.; Merck and Co., Rahway, N. J.; Michigan Chemical Co., St. Louis, Mich.; Monsanto Chemical Co., St. Louis, Mo.; Montrose Chemical Co., Newark, N. J.; Pennsylvania Salt Mfg. Co., Philadelphia; and Westvaco Chlorine Products Corp., New York.



... AND A PLACE TO COOK

At Bloomfield, N. J., Westinghouse Electric Corp. unveiled a research "pressure cooker." The custombuilt furnace whips up temperatures of 4,700 F—twice as hot as erupting lava. It's used to melt and fuse materials that Westinghouse is developing for electronic tubes. The materials are heated under pressure by passing a high-frequency electric current around a walnut-sized cup-crucible. Above, the cup is filled before the big bake.

Spilled ink is NOT a menace with SAFEGUARD

The very shape and balance of Safeguard tends to prevent it from tipping over! But even if it should be tipped, it's very unlikely that it will spill, for Safeguard can be turned completely upside-down without losing a drop! Safeguard's mystical, magical action assures instant writing, with a clean point, at any time. A single dip writes a page or more—and Safeguard holds a full bottle of Skrip!—a full year's supply for the average user. W. A. Sheaffer Pen Co., Fort Madison, Iowa — Malton, Ontario, Canada.

SHEAFFER'S

Non-refillable bottle holds enough SKRIP to stock SAFEGUARD for a year of average use! SAFEGUARD refills in a jiffy—easily, cleanly, without mess or muss!



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OVER 200,000 SECRETARIES HAVE WITNESSED THE DEMONSTRATION OF THIS FINE TYPEWRITER

DURING the past year, Norman Saksvig, authority on "Correct Typing Technique," made his popular demonstration of the Smith-Corona typewriter before employees of hundreds of leading business and industrial firms throughout the country.

An executive of a large insurance company wrote, "...not only did our typists receive great benefit from Mr. Saksvig's instruction, but we were all impressed with the superior writing qualities of your typewriter."

Other executive comment praised the speed, ease of action and efficiency of the Smith-Corona. Typists, too, were enthusiastic over the many features engineered into the Smith-Corona that step up output, save time and lessen fatigue.

Two "musts" for typists... correct technique and a Smith-Corona



RIGHT
Correct fingering means "hugging the keys"—fingers always on keyboard, pivoting from the guide keys as required.



WRONG
More time and effort are lost this way than you imagine. Keep your hands down—and watch speed go up!



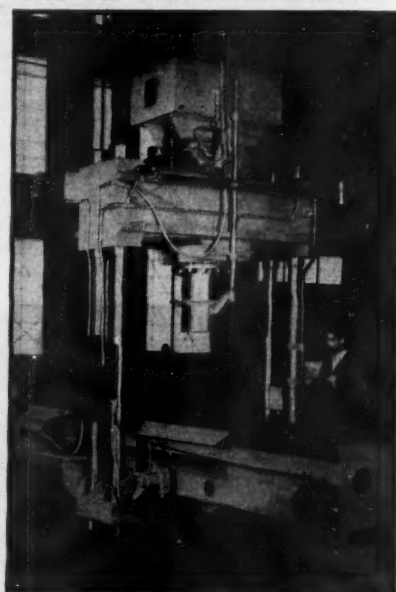
FREE PAMPHLET on "Correct Typing Technique" by Norman Saksvig—for secretaries and typists. Contains photographs and explanatory text of Mr. Saksvig's amazing demonstration of typing techniques. Available in quantity to Purchasing Agents or Office Managers. Write to Smith-Corona, Syracuse 1, New York, or see Branch Office or dealers.

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NEW PRODUCTS



Big and Little Presses

Two hydraulic presses—in David and Goliath models—are announced by Hydraulic Press Mfg. Co., Mt. Gilead, Ohio. One, a 20-ton laboratory press, is for mold and die work; the other, a 200-ton squeezer, handles castings and other large-area parts.

The laboratory model has an 8 x 9 in. pressing surface. Maximum opening between the pressing plates is 14 in.; travel for the top plate, 8 in. Valves controlling the movement are hand operated. In separating dies, the press has a pullback pressure of 24 tons.

The heavyweight model will apply peak pressure anywhere on its 120 x 38 in. stationary press bed. The ram not only traverses the length of the bed, but moves at right angles to it. Posi-

tioning of the ram is directed from a central control station. Maximum plate travel is 18 in.; space between the ram facing and bed, 36 in.

• Availability: immediate for lab model; 20 weeks for the heavyweight.

Snow Throw

If your muscles are groaning under snow-shoveling chores, Marine Iron Works, Inc. thinks it can supply a permanent liniment. As an attachment to its small tractor, Mighty Man, the company has a rotary snow plow that will clear your front walk in a breeze.

The scraper blade on the plow cuts a 36-in. path. It pushes the snow into six fast-turning blades that whirl the flakes off to the side. The tractor comes with 3-hp. or 1½-hp. motors; has a helical-gear transmission instead of a conventional chain and sprocket arrangement. It's made at Tacoma, Wash.

• Availability: immediate.

New Bug Killer

A group of insecticide concentrates, deadly to most insects but harmless to warm-blooded animals, has been developed by U. S. Industrial Chemicals, Inc. Called Pyrenones, they are based on two synthetic chemicals, combined in various ways with pyrethrum.

The concentrates can be used as sprays or dusts. Main applications: animals, stored grains, and growing crops. U.S.I.C. will supply them to insecticide manufacturers only—not to the public. The company address: 60 E. 42nd St., New York.

• Availability: 60 to 90 days.

Small Timer

A miniature time switch for lighting and heat-control is made by Sangamo Electric Co., Springfield, Ill. It is set for automatic operation by moving two



FOR A GOOD BEGINNING

So often appliance sales fall through before they get started—just because customers lose confidence over some minor detail. That's why it pays to be sure that sales of your product begin right and end right—by using long-lasting Flamenol* cords.

And when it comes to cords and plugs, dealers and users know what they're looking for. They go for the finished, high-quality "look" of an appliance with a Flamenol cord. The tough construction and the decorative appearance of Flamenol cords add to the value of your product. And the General Electric name on the plug holds their confidence.

You can count on Flamenol cords to stand up, with no comebacks for service, no user complaints.

AVAILABLE NOW FOR YOUR PRODUCT

Crack-free Flamenol insulated cords with molded-on, plastic plugs are now available in ivory or brown. Standard lengths are 6, 8, and 11 feet. Write on your business letterhead for sample and specifications. Section Q59-210, General Electric Company, Bridgeport 2, Conn.



FLAMENOL CORDS

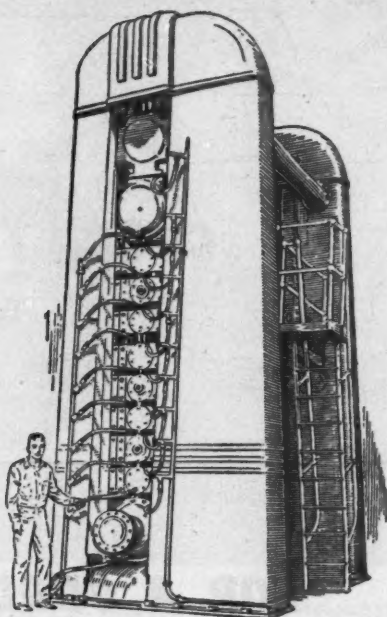
... with harmonizing plug molded on for extra strength



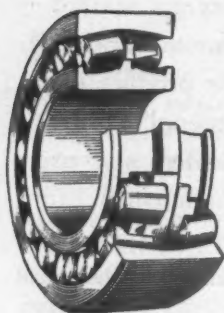
*Trade-mark Reg. U.S. Pat. Off.

GENERAL  ELECTRIC

The Paper Finishing Machine That



Makes Folding Money



THIS IS a supercalender stack, built by Appleton Machine Company, Appleton, Wisconsin. It is used to give paper a high-quality surface finish of uniform thickness. Helped by Torrington Spherical Roller Bearing performance, it means BIG money for paper manufacturers—money earned by faster production of higher quality paper—money saved by lower power consumption and reduced maintenance.

These typical advantages, gained through the use of Torrington Spherical Roller Bearings, can help the machines you design, manufacture, sell or use make folding money, too. Torrington's engineering staff, with a background of many years of experience in designing, building and applying anti-friction bearings, will gladly assist you in adapting them to your machines.

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levers (for "on" and "off") to any of the 15-min. periods on its 24-hr. dial. Minimum time space between automatic settings: 30 min.

The control runs on 120-v. a.c., has a self-starting electric motor. Size is 3 x 5½ x 3 in. The switch can also be had in a model with four levers—two "on" and two "off."

• Availability: immediate.

Hot and Fast

A streamlined, automatic, oil-burning water heater has been announced by J. L. Gillen Co., Dowagiac, Mich. Controls on the unit are completely enclosed. The low-draft burner concentrates a swirling-action flame at the base of the flue for extra efficiency. Screw-jack support for the burner unit allows quick lowering for servicing.

The pilot on the heater has an anti-flooding device. It is guaranteed to burn evenly regardless of drafts. Other features: A magnesium alloy anode said to prevent electrolytic action and rust; a thermal bulb that controls water temperatures at settings from 125 F. to 165 F.

The heater comes in 30-gal. and 45-gal. sizes.

• Availability: immediate.

Lens Wiper

Silicone tissues, a new use for the war-born silicones, have been announced by Dow Corning Corp., Midland, Mich. The treated tissues, when wiped over the lenses of safety glasses, cameras, or spectacles leave a microscopic film of liquid silicone on the glass. The film protects the lenses from soiling, helps keep scratches from the surface. Called Sight Savers, the tissues are supplied for industrial use in rolls 2½ in. wide.

• Availability: immediate in limited quantities.

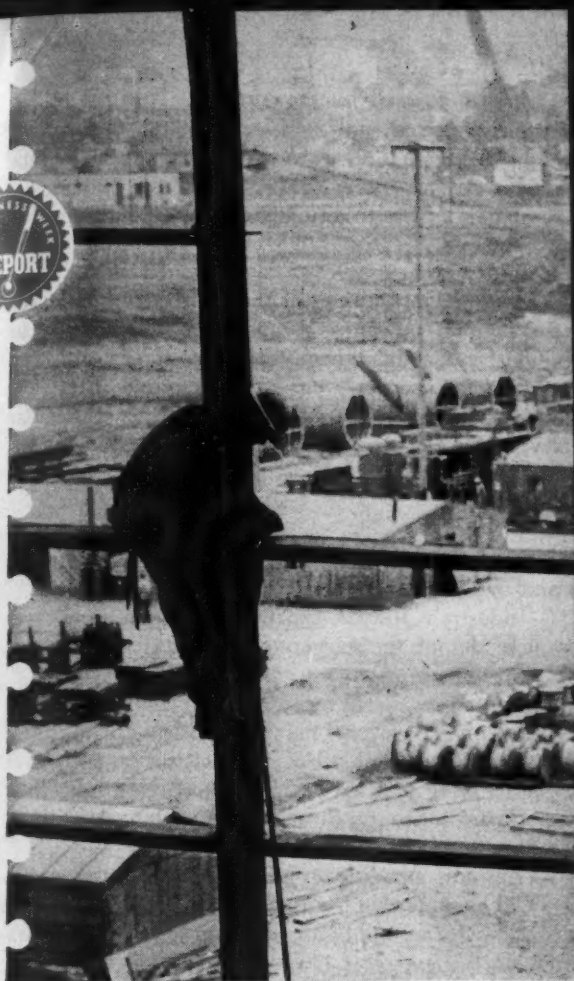
P. S.

Coin holder that can be attached with a suction cup to an auto dashboard holds money for bridge tolls, parking meters. Distributed by Trydea, Inc., 30 Rockefeller Plaza, New York 20.

Plastic sailboat, glamour cousin to last spring's dinghy (BW—May10'47, p58), is made by General Electric's Plastics Division for Beetle Boat Co., New Bedford, Mass. It's a 12-footer.

Window screen and two storm panels are combined in an aluminum unit made by Ceco Steel Products Corp., 5701 W. 28th St., Chicago.

Parquet floor squares come precut, bonded to an insulated backing. Newcastle Industries, Inc., 300 W. 56th St., New York, is the maker.



BUSINESS WEEK REPORTS TO EXECUTIVES ON —

THE CAPITAL EXPANSION BOOM

McGraw-Hill Surveys Industry's Plans for New Plant and Equipment

American industry surprised itself and the rest of the world by its rapid rise in the early part of the Twentieth Century to the position of the leading industrial nation. That supremacy was gained and will be preserved only by constant growth. How industry is meeting that challenge is evident in the current rate of investment in new plant and equipment.

INDUSTRY'S postwar expansion program still has at least another year to run.

At the most, expenditures on new plant and equipment in 1948 will not drop more than 8% below the record \$16.1-billion of 1947. The chances are that the drop will be much smaller than that—probably not more than \$300-million altogether.

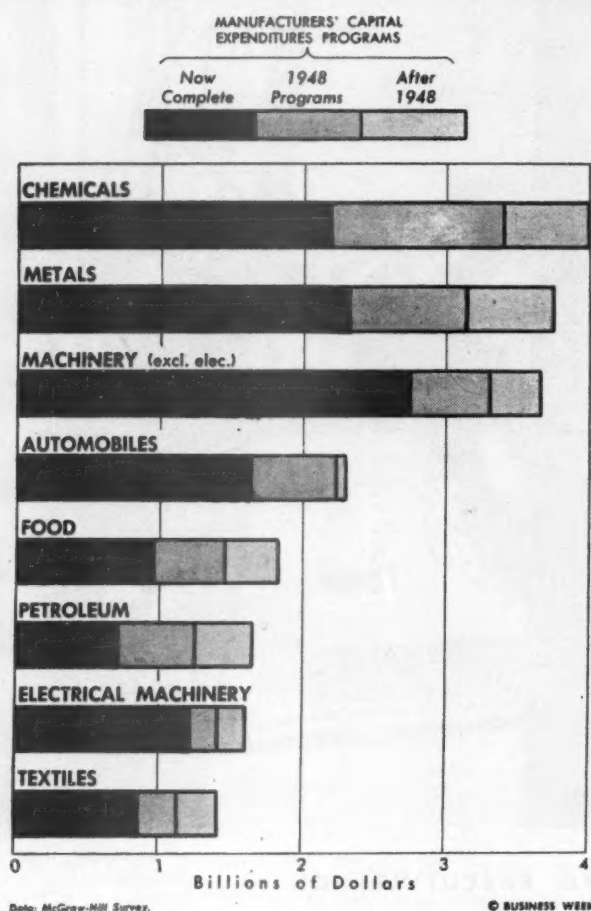
With capital expenditures continuing at this break-neck pace, all business is practically certain to keep on booming through most of 1948. In other words, the long-heralded postwar recession doesn't show up on this year's calendar.

These are some of the main conclusions that stand out from the comprehensive survey of capital expenditures just completed by the Dept. of Economics and the Research Dept. of the McGraw-Hill Publishing Co.

As a result of this survey, we can get our first look at some of the critical factors that lie inside one of the greatest blind spots in economic analysis and forecasting. Up to now there have been no reliable figures, official or unofficial, on how much business plans to spend for new plant and equipment. All the estimates—for example, those compiled by the Dept. of Commerce—have applied to past expenditures or current rates. Lacking specific information about plans for the future, forecasters have been forced to work with only a hazy idea of what was happening to one of the main components of the business picture.

The purpose of the McGraw-Hill survey was to fill this gap. It was designed to develop accurate, comprehensive figures on industry's capital expansion plans. These figures serve not only as a measure of expenditures

Where Expansion Stands



for new plant and equipment but also as an important indicator of general business. For in the past, gross national product (which is a good measure of prosperity or depression) has always followed much the same pattern as capital outlays.

The Method Used

The first step in the McGraw-Hill survey was to set up samples that would serve as a representative cross-section of business. For manufacturing industries, samples were selected on a random basis from the unpublished McGraw-Hill Census of Manufacturing Plants. This census names, locates, and identifies by chief product and number of employees more than 71,000 plants with 20 or more employees. It is the only complete and up-to-date, name-by-name compilation of these data in existence. Companies were selected from it by size, industry, classification, and geographic distribution, in order to make up an accurate cross-section. Special samples were set up and studies made for railroads and for other commercial and miscellaneous businesses not covered by the McGraw-Hill census.

Trained field investigators of the McGraw-Hill Research Dept. then interviewed top management men in

the 95 cities covered by the samples. They asked for factual information and actual plans, not for general opinions or hopes. The answers provided the basic data of the survey.

The final step was to estimate capital expenditures for each industry by projecting the expenditures of the companies in the sample to cover the entire industry. This was done on the basis of the number of employees of the sample companies compared to the number in the industry. Capital expenditure plans for private electric utility companies were obtained from *Electrical World*, a McGraw-Hill publication, which makes regular surveys of the electric light and power industry.

FINDINGS

Here is what the final results of the survey (pages 68 and 69) show:

(1) Industry's postwar expansion program is not yet complete, despite the staggering expenditures of the past two years (chart).

A weighted average of manufacturing companies shows that their programs were only 64% finished at the end of 1947. By the end of 1948, manufacturing executives expect to bring this up to 85%. In other words, their programs are due to run through most of this year without a letup.

(2) Business spending on new plant and equipment in 1948 will be somewhat less than in 1947. But even on the most cautious assumptions the drop will be comparatively small.

At the time of the survey, many companies—in manufacturing, approximately 40%—had not approved their capital budgets for 1948. Even if we assume that these companies will spend nothing at all for new plant and equipment this year, we get a total figure of \$14.9-billion for capital expenditures by business in 1948. This would represent a drop of about 8% from the \$16.1-billion level of 1947.

It is more realistic, however, to assume that companies that were undecided at the time of the survey will reduce their spending in 1948 in the same ratio as the companies that had set up their capital budgets by that time. On this basis, industry's capital expenditures in 1948 would run close to \$15.8-billion. This would be a decline of less than \$300-million from the 1947 level, a negligible amount in comparison with the total.

(3) Neither a business setback nor a rise in wage rates would make any great difference in total spending for new plant and equipment this year.

More than two-thirds of the manufacturing executives said that they would not cut their capital budgets if business activity declined 20%. And 57% said they would not change their plans in the face of a 15% to 20% rise in wage rates. A good 26% actually said they would increase capital expenditures if wages went up again; only 17% said they would cut.

(4) Most executives, however, are figuring on a sizable rise in sales this year.

A full 57% of the manufacturing companies expect

1948 sales to top 1947 by at least 10%. The weighted average of their predictions works out to a 25% gain. Only 9% are looking for a drop in sales. About one-third think sales this year will be the same as 1947.

(5) Either current earnings or reserves and surplus accumulated out of past earnings will provide by far the greatest source of money for capital expansion (chart).

This is especially true in manufacturing. On the average, profits, reserves, and surplus will supply 84% of the funds that manufacturing companies put into new plant and equipment this year. Railroads and utilities, however, will have to lean heavily on commercial bank loans or on new security issues.

(6) On the basis of present plans, expenditures on new plant and equipment will drop sharply in 1949.

The capital programs of manufacturing companies will be 85% complete by the end of this year. Most companies have not yet laid any definite plans for 1949. But if the ones that do have plans are typical, total spending on plant and equipment in 1949 will drop by perhaps as much as 25%.

(7) When postwar expansion programs are complete, manufacturing capacity will be about 50% greater than it was in 1939.

Some 31% of all manufacturers expect to double their capacity or more. Only 23% will not have more production capacity than they had in 1939.

Since 85% of the postwar expansion is slated for completion by the end of 1948, most of this new capacity will be in operation by 1949. Hence, next year could bring a rapid increase in production that would wipe out bottlenecks and fill the shelves with many items that still are hard to get. Whether consumers will be in a position to buy this increased production will depend on the whole economic picture at that time. And one of the main factors determining the general economic situation will be the rate of capital expenditures—if the rate slides down considerably, this factor could pull down the over-all level of business activity.

WHAT THE FIGURES MEAN

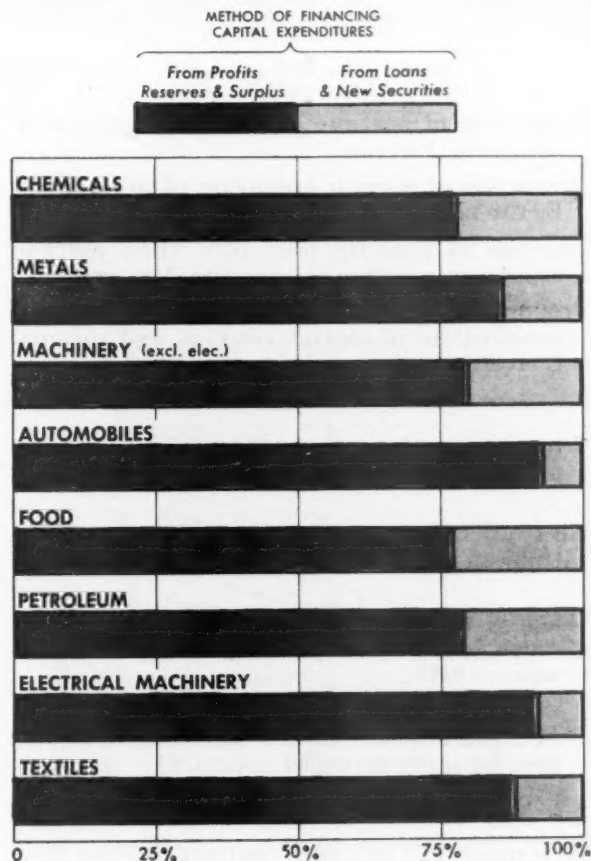
In interpreting the survey results, there are at least two points to keep in mind:

(1) Things don't always work out as planned—in business as in everything else. The capital expenditure programs reported in this survey represent firm intentions. In fact, 26% of the manufacturing companies already have contracted for all their 1948 expansion, and 57% expect to have everything under contract by midyear. But shortages of materials might keep plans from going through on schedule; increases in costs might force companies to scale down their programs; or any one of a dozen other things might intervene between the plan and its accomplishment.

(2) Aggregate figures can be deceptive. What applies to industry as a whole may not apply to particular lines, and almost certainly will not apply to every producer in every line.

This is especially true of capital expenditures. A

Where Money Comes From



Data: McGraw-Hill Survey.

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breakdown of the over-all figures into separate industries shows wide variations. For some lines, the postwar expansion program has been relatively small, although for business as a whole it has been enormous. Some industries are nearly through with their additions to plant and equipment. Others are just hitting their stride.

As time goes on, the makeup of the investment program will change more than the total. Industries that have nearly completed their plans will cut back spending. These reductions will be offset, or partially offset, by the rising outlays of companies that still have a large part of their programs to finish. For a supplier whose fortunes are closely linked with one industry or group of industries, it may be more important to know what those potential customers are planning than to know how the total of capital expenditures is going to move.

For example, automobile manufacturers already have installed 71% of the new plant and equipment called for in their postwar programs. By the end of 1948, they expect to be 97% finished.

Machinery producers are also well along. They are cutting their expenditures 30% to 50% in 1948. And they are planning even deeper cuts for 1949.

At the other extreme are the oil companies. Only 43% of their program is complete now; only 75% will be

These Are the Main Facts Developed in the M

		Manufacturing Companies			
		All Manufac- turing	Food	Textiles	Chem
Proportion of postwar expansion program now complete (Percent)	.....	64	53	61	
Proportion of postwar expansion to be complete by the end of 1948 (Percent)	.....	85	79	79	8
Increase of capacity over 1939 when postwar expansion program is complete (Percent)	.....	52	52	49	5
Proportion of postwar expansion program to be financed out of capital, reserves, and surplus. (Percent)	.....	84	77	88	7
What proportion of your postwar expansion program is now complete?	All complete.....	30	24	20	2
	60-99% complete.....	30	22	39	3
	Under 60% complete.....	40	54	41	4
How much of it will be complete by the end of 1948?	All.....	66	59	50	6
	60-99%.....	17	15	25	1
	Under 60%.....	17	26	25	1
When your postwar expansion is complete, how much greater will your capacity be than it was in 1939?	Double or more.....	31	28	32	3
	50-99%.....	17	18	10	2
	5-49%.....	29	31	34	2
	No greater.....	23	23	24	1
How much of your planned capital expenditures have been placed under contract?	All.....	26	32	32	1
	60-99%.....	8	9	10	1
	1-59%.....	36	34	16	4
	None.....	30	25	42	2
How much will be under contract by June 30?..	All.....	57	64	73	4
	60-99%.....	20	18	13	1
	1-59%.....	17	11	9	2
	None.....	6	7	5	5
If wage rates go up 15-20%, will you increase or decrease your capital budget substantially?	Increase.....	26	17-	25	3
	Decrease.....	17	30	13	7
	No change.....	57	53	62	6
Would you cut your capital budget if business activity declined 20%?	Yes.....	31	23	10	4
	No.....	69	77	90	5
In financing your 1948 purchases of new plant and equipment, what proportion will be raised by:					
(1) New issues of stocks or bonds?.....	None.....	94	84	94	9
	Part.....	4	16	2	6
	All.....	2	0	4	0
(2) Commercial bank loans?.....	None.....	79	69	85	6
	Part.....	17	27	15	2
	All.....	4	4	0	8
(3) Profits, reserves & surplus?.....	None.....	6	7	4	8
	Part.....	21	31	15	3
	All.....	73	62	81	5
Do you think you will spend more or less for new plant and equipment in 1949 than in 1948?	More.....	17	18	19	2
	Less.....	28	28	30	2
	Same.....	19	15	21	1
	No plans.....	36	39	30	3
Do you expect sales of your company in 1948 to be higher or lower than in 1947?	Higher.....	57	56	62	7
	Lower.....	9	12	4	2
	Same.....	34	32	34	1

McGraw-Hill Survey of Business Expansion

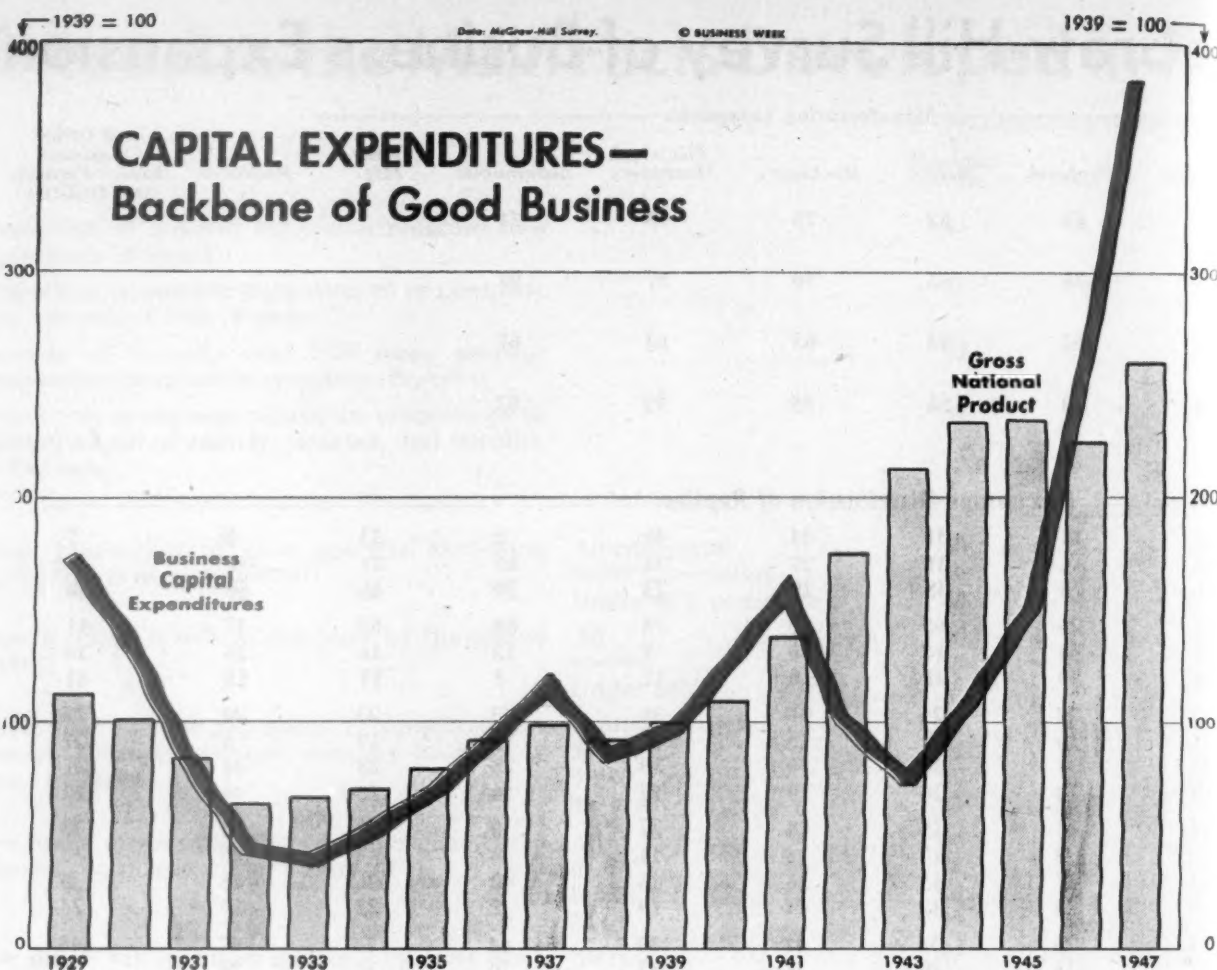
Manufacturing Companies

Chemical	Petroleum	Metals	Machinery	Electrical Machinery	Automobile	Other Mfg.	Railroads	All Other Business (Except Farming and Utilities)
55	43	62	75	75	71	....	....	....
85	75	83	90	87	97	....	....	....
56	52	43	63	63	67	....	....	....
78	79	86	85	92	93	....	....	....

Percentage Distribution of Replies

25	11	31	44	46	6	33	0	7
34	16	31	27	31	65	21	40	33
41	73	38	29	23	29	46	60	60
65	26	65	75	78	84	65	47	41
17	54	14	15	5	13	16	35	18
18	20	21	10	17	3	19	18	41
32	27	24	36	36	43	23	20	23
21	16	15	15	13	13	19	6	27
28	37	35	30	39	28	23	34	27
19	20	26	19	12	16	35	40	23
17	11	18	14	27	0	46	31	23
12	8	17	6	11	3	6	25	15
42	47	33	36	43	90	26	25	39
29	34	32	44	19	7	22	19	23
47	36	54	47	39	44	73	67	48
13	33	20	27	37	20	13	26	28
25	19	15	20	24	35	9	0	24
5	12	11	6	0	1	5	7	0
30	14	48	14	23	45	26	10	10
7	7	2	32	12	15	16	53	23
63	79	50	54	65	40	58	37	67
45	27	22	38	28	58	24	50	32
55	73	78	62	72	42	76	50	68

94	72	100	89	98	100	98	42	89
6	22	0	5	2	0	2	47	7
0	6	0	6	0	0	0	11	4
68	80	84	90	85	91	74	47	81
24	19	8	9	13	7	22	48	11
8	1	8	1	2	2	4	5	8
8	6	7	7	2	2	4	21	12
33	36	15	13	13	7	23	74	15
59	58	78	80	85	91	73	5	73
22	25	14	12	16	22	14	14	10
28	26	22	36	20	16	29	27	26
14	14	26	18	26	13	22	9	23
36	35	38	34	38	49	35	50	41
72	79	37	49	68	68	57	46	59
7	1	14	7	4	1	9	18	13
21	20	49	44	28	31	34	36	28



finished by the end of 1948. Their expenditures this year will equal or top 1947, even on the most cautious assumptions. Looking ahead to 1949, 25% of the petroleum companies say they will be spending more than this year; 14% expect to spend the same; only 26% will spend less. Some 35% have not yet made plans for 1949.

In size of program, the chemical companies top the list of manufacturing industries. (And, like the petroleum companies, the chemical companies are in the midst of a long-term growth trend which will continue after other industries have adjusted their plant and equipment to the postwar situation.) They spent \$1.4-billion for new plant and equipment in 1947. This year, they will spend \$1.2-billion to \$1.3-billion. Their program at the end of 1947 was only 55% finished, but by the end of this year 85% of their present program will be in place.

McGraw-Hill figures, incidentally, are not comparable with the estimates of capital expenditures in past years compiled by the Dept. of Commerce as a part of its estimates of national income and gross national product. The Commerce figures include: (1) farm capital expenditures; (2) hospital and school construction; (3) business purchases of new plant and equipment charged on the company books as current expense rather than as capital outlay. The McGraw-Hill survey excludes these items. Consequently, estimates derived from the survey will be

lower than Dept. of Commerce figures for the corresponding period.

Interindustry Differences

The breakdown of the survey results is not complete enough to permit a precise analysis of the relation of expansion in one industry to expansion in another. But the figures do suggest that in at least some cases the programs are not going to mesh as neatly as perhaps they should.

Take the metal-using industries and their big common suppliers in the metal-producing industries, for instance.

Historically, the metalworking lines—machinery, electrical machinery, and automobiles—always have kept in close step with the metals producers. This has been a simple and natural economic relationship. More automobiles created a demand for more steel. So, as the huge automobile plants went up, the steel industry grew to keep pace with them.

But in the course of postwar expansion, something has happened to the old relationship. When the new plant and equipment programs are complete, metal using industries will have increased their production capacity by two-thirds in comparison with 1939. Suppliers of metals will have expanded only 43%.

This divergence between these two broad industry groups represents a fundamental change in the structure of the nation's productive plant. It suggests that someone has sized up the situation wrong, that when the expansion programs are finished, the economy will still be out of balance. Either there will be too little capacity in metals production or too much in metalworking.

If the metal-using industries can find customers for everything they can produce with their new capacity, they probably will need more steel than the metal producers can supply. And if the metal users don't need the steel, it will mean that they have plant and machinery standing idle. This could cause either plant shutdowns or company failures or both.

Another thing that shows up in an industry-by-industry breakdown of the survey results is the wide variation in the way companies would react to a drop in business.

For manufacturing as a whole, 69% of the executives said they would not cut their capital budget if business activity dropped 20%; only 31% said they would trim their sails. But take a look at some of the individual lines:

In automobiles, 58% of the companies said they would scale down their expansion plans. In chemicals, 45% would cut; in machinery, 38%; in railroads, 50%.

At the other end of the list, only 10% of the textile producers would trim their programs in the face of a 20% drop in business. Other low scores on this question were food (23%), metals (22%), and other manufacturing (24%).

Equally wide differences show up in the response to questions about the effect of wage increases on capital budgets.

For all manufacturing, 26% of the companies would increase their capital expenditures if wage rates rose; 17% would cut; 57% would make no change.

In metals production, 48% of the companies would spend more for plant and equipment; only 2% would cut their outlays. Similarly, 45% of the automobile producers would expand their capital programs, and only 15% would cut.

But 32% of the machinery manufacturers would cut capital expenditures in case of a wage rise. And 30% of the food processors would take the same course. For the railroads, 53% would cut back.

All these are points for the suppliers of raw materials and capital goods for the particular industries to bear in mind. But they also have a significance for the economy as a whole. They suggest, for instance, that a wage rise this year—especially in some industries—would have inflationary effects that would be considerably greater than the direct addition to consumer purchasing power. This extra kick would come from the increase in capital expenditures as manufacturers attempted to offset the higher wages by greater mechanization.

On the other hand, the industry-by-industry figures indicate that the reaction to a drop in business might be sharper than the totals make it appear. The companies that say they would make the deepest cuts in their programs—automobiles, railroads, chemicals, machinery

HOW MUCH WILL BE SPENT

The McGraw-Hill survey shows that all industry's expenditures for new plant and equipment in 1947 hit a record level of \$16.1 billion. It also shows how much each industry spent—and will spend.

At the time of the survey, many plants had not set up their capital budgets for 1948. Totals for the coming year have been computed on the alternative assumptions (1) that the companies that had made no definite plans at the time of the survey would spend nothing for new plant and equipment in 1948, (2) that these companies would change their capital budgets in 1948 by the same proportion as the companies in the same industry that had made definite plans at the time of the survey.

Figures for private electric utilities were obtained from Electrical World, a McGraw-Hill publication, which regularly surveys the industry. All other figures are from the McGraw-Hill survey of capital expenditures.

Here is how the totals stack up (millions of dollars):

Industry	Expenditures for New Plant and Equipment		
	1947	1948 (as reported)	1948 (adjusted)
All manufacturing.....	\$7,525	\$6,056	\$6,955
Food	730	480	530
Textiles	325	256	300
Chemical	1,400	1,200	1,340
Petroleum	540	535	585
Metals	900	790	830
Machinery	1,190	550	850
Electrical machinery..	480	195	250
Automobile	780	600	695
Other manufacturing..	1,180	1,450	1,575
Railroads	1,000	1,000	1,000
Electric utilities	1,300	1,900	1,900
All other business (except farming)	6,300	5,900	5,900
Total.....	\$16,125	\$14,856	\$15,755

—are the very ones that now are spending the most.

The figures on plans for financing capital expenditures are also worth a close look. They show that, on the whole, manufacturers expect to pay for about 84% of their new plant and equipment out of profits, reserves, or surplus. This means that all but 16% of the money is coming out of earnings, past or present.

Whether or not manufacturers can handle this year's financing as they now plan is another question. Many companies still can draw on reserves that they built up during the war years. But the longer the capital expansion boom goes on, the more dependent they become on current earnings or outside financing. With the stock market flat on its back, a drop in business

income might force many manufacturers to put their remaining expansion plans on the shelf. This is a place where any revision of the federal tax laws, for better or worse, could have a tremendous effect.

Outside of manufacturing, business already is leaning heavily on external sources—the banks and the securities markets—to get money for expansion. Almost half the railroads say they will have to finance part of their capital expenditures by new security issues; and 11% hope to do it all that way. Utility companies are counting on about \$1-billion from the investment markets in 1948.

WHAT 1948 WILL BRING

The information on capital expenditures provided by the McGraw-Hill survey fills what has long been one of the biggest gaps in the statistics we need for economic analysis and forecasting.

Business capital expenditures are one of the most important and most unstable elements in our economy. In the past, the swings in capital outlays always have coincided with the swings in employment, income, and production that make up the business cycle (chart, page 70). Capital expenditures, of course, vary much more widely, percentagewise, than general business. But the pattern has been the same.

Given a fair idea of how much business will spend on new plant and equipment, we can put together a reasonably accurate picture of the outlook for the economy in the coming year. Not that capital budgets are the only major factor determining the course of business. There are many others. But we can make more or less reasonable estimates of how the other variables will stack up. Until this time, the outlook for business capital expenditures has been the most important unknown quantity.

We know that there will be a big export surplus next year, even if Congress pares down the European Recovery Program moderately. The only thing that would prevent this would be the complete scrapping of the Marshall Plan—and that doesn't seem to be in the cards.

We know that government spending will continue around present levels. Congress may lop something off President Truman's budget for fiscal 1949, but the cuts won't be large enough to make any difference to the economy as a whole.

We can be pretty sure that the building boom will continue through 1948. New housing construction still hasn't caught up with the growth of new families.

We don't know just how much consumers will spend in 1948. But we do know that what they spend will depend in large measure on what happens to their income. And we know that by far the most important factor influencing consumer income will be the level of capital investment by private business.

Adding up all these factors and taking a look at the results of the survey of capital expenditures, we can draw some conclusions about 1948:

Production will keep on booming. As materials supplies ease and productivity improves, output will edge upward.

New capacity coming into use this year will help.

Employment will continue to set new peacetime records. Next summer may see the 61-million-job mark passed. High employment will mean continued pressure for higher wages.

Prices will stay high and probably continue moving up. Higher personal incomes will put more upward pressure on prices. There is still a chance that the rise may be smaller than it was in 1947. Much depends on the weather. With fairly good crops, food prices could stabilize or decline slightly.

There are plenty of things that could change this picture. For instance, government monetary authorities might check the boom—or smash it—by tightening up controls on bank credit. Or there might be one of those unpredictable shifts in business and consumer psychology that mark the turning point in a trend.

But that's how the picture looks now. It is a picture of a boom still going full blast. And the odds are against anything changing it during the coming year.

Uncertainties for the Future

For 1949, the survey of capital expenditures suggests a different picture. Or rather, it raises a set of questions that will have to be answered before we can see what the picture is.

By the end of 1948, the postwar expansion program will be around 85% complete. This does not mean that capital expenditure will stop dead. But it does mean either (1) that most industries will have to see a real increase in demand or a real chance to save costs before they undertake much additional expansion, or (2) that technological progress will have to open up new fields of investment.

Around the end of 1948 or not long afterward, manufacturing industry will have a productive capacity half again as large as it had in 1939. Production with this new plant will hit its peak just as expenditures under the present capital expansion programs begin to taper off.

What we don't know now is how the other factors in the economic situation will stack up at that time. That will depend on how well we succeed this year in dealing with such problems as foreign aid, taxation, and price inflation. The solution to these problems in turn will have a lot to do with industry's willingness or unwillingness to undertake further expansion of plant and equipment in 1949 and later years.

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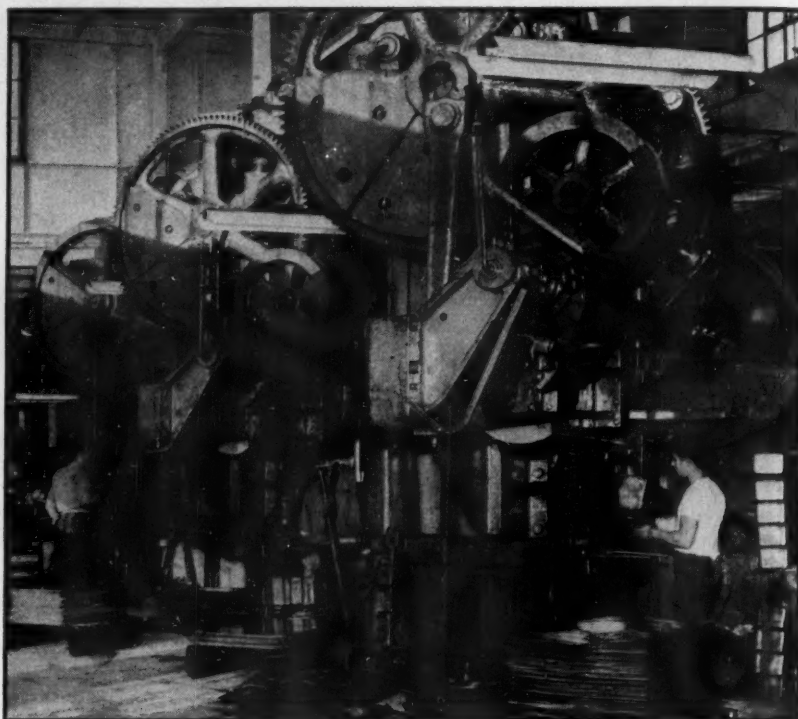
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All's Busy on Niagara Frontier

Diversified industry booms after threat of postwar slump. Survey shows 53 new or revived plants in the area. Major companies report expansion plans of \$200-million.

Industries on the Niagara Frontier put up a vigorous common front against the St. Lawrence Seaway in Senate hearings this week. Their plea: If seagoing ships enter the Lakes, their favored position as an inland transshipping center would get a heavy blow.

The people of the Niagara Frontier did a lot of worrying about what would happen when the V-J Day cutback struck. They knew that aircraft and other big war-production plants would be hit hard. But the transition to civilian output came very fast. As war plants have converted or closed, new industries have come in their place; old prewar industries have revived. Plans for plant expansion of major companies—to the tune of nearly \$200-million—are a yardstick of their faith in the future.

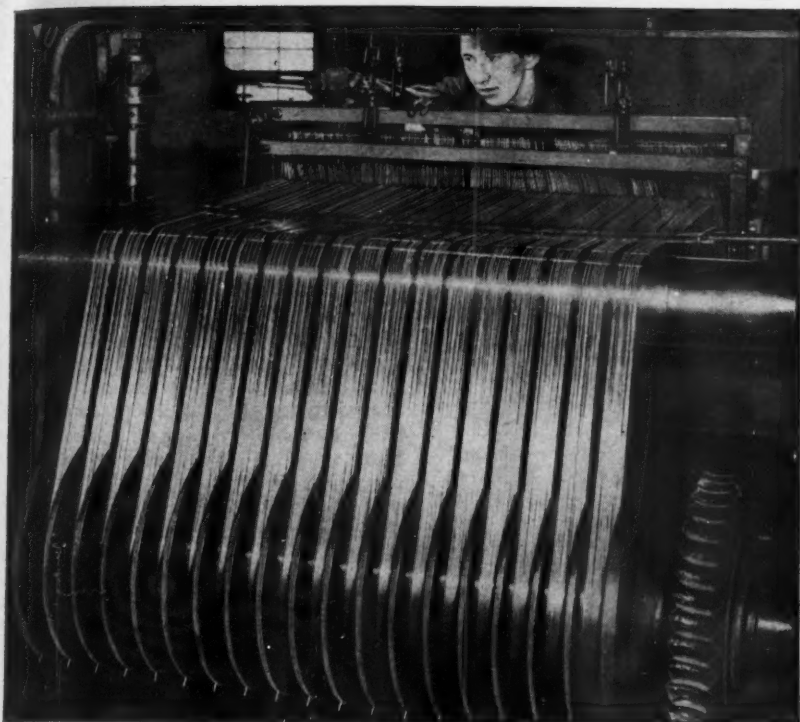
• **Riding High**—Now in the two western New York counties of Erie and Niagara, industry—diversified style—is riding high.

The area includes over 1,550 sq. mi. and the cities of Buffalo, Niagara Falls, Lackawanna, Tonawanda, North Tona-

wanda, and Lockport. Estimates in 1945 put population at more than a million.

• **Position Counts**—Nature—and what man has done with it—have especially blessed the frontier. Except for Lake Ontario it is at the eastern end of the Lakes: the meeting-place of lake, railroad, highway, and canal. Buffalo calls itself the largest U. S. inland port in value of tonnage. About 20-million tons annually went through it during the war years. Leading cargoes: grain, iron ore, coal, and limestone, in that order. Half way between Chicago and New York, Buffalo is also a major railroad center.

• **Manufacture**—The Frontier is more than a shipping center. A lot of the tonnage from the Lake boats and the freight trains stays there for manufacturing. In 1939 the district ranked 10th among the 33 U. S. major industrial areas in value added by manufacture. It is one of the two leading U. S. districts in milling of flour and feed. Approximately 60-million bu. of wheat are processed annually. The Frontier is a



MORE WIRE from Buffalo Wire Works points up Niagara Frontier's expansion

leading pig-iron producer. It ranks about sixth in steel production (annual capacity: 3-million tons). It is one of three leading linseed oil processing centers.

• **Water Power**—The other great natural fact explaining Frontier prosperity is Niagara Falls. There in 1896 came the first large-scale harnessing of electric power. With cheap electricity at hand, the Frontier grew into a center for the electrochemical and electro-metallurgical industries; these now include the production of carborundum, carbide, chlorine, and caustic soda.

Another Falls byproduct: the tourist trade. It's estimated that 2-million go there annually.

You can also find makers of everything from pills to helicopters, neon gas to plastics and juke boxes, hair pins to buses. The new arrivals have replaced such big wartime employers as Curtiss-Wright, which has moved out completely, and Bell Aircraft, which has consolidated in postwar operations at Niagara Falls (BW—Jan. 10'48, p39). Westinghouse Electric has come in. So have Western Electric, Twin Coach, American Machine & Foundry, Yale & Towne.

• **Full House**—Since V-J Day, 53 industries have either come to the Frontier or resumed operations after a wartime shutdown. They emphasize the growing diversity of Frontier industry. They provide work for 15,000 employees, and annual payrolls of \$40-million.

There is very little unemployment on the Frontier. A mid-December sur-

vey in Erie County showed that the labor force was 96.9% employed. Only 11,000 were out of work.

• **Expansion Plans**—The \$200-million expansion program now in the works includes: American Machine & Foundry Co., \$2-million; Bethlehem Steel, \$25-million; Buffalo Electro-Chemical, \$1.6-million; Buffalo Niagara Electric Corp., \$9-million; Continental Can Co., Inc., \$14-million; du Pont, \$5.4-million; Hewitt-Robins, Inc. (rubber goods, materials handling equipment), \$14-million; National Aniline Division of Allied Chemical & Dye Corp. (dyes, coal tar derivatives), \$10-million; Playboy Motor Car Corp., \$2.5-million; Semet-Solvay Co. (coke), subsidiary of Allied Chemical, \$6-million; Sterling Engine Co., \$2-million; Trico Products Corp. (auto accessories), \$8.5-million; Western Electric, \$2-million; Westinghouse Electric, \$20-million; Wickwire Spencer Steel Co., \$1.5-million; Wurlitzer Co., \$1-million.

• **Survey**—A Business Week survey of some important industrial plants on the Niagara Frontier shows:

Du Pont cellophane and rayon plants continue full production.

Westinghouse Electric, with a \$30-million backlog, is expanding its Buffalo plant (built by the government for Curtiss-Wright during the war). It will boost employment from 5,000 to 6,500 in the production of motors and industrial controls.

Electro Refractories & Alloys Corp., planning an expansion and modernization program, hopes to increase its

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sales from \$2.8-million to \$3.3-million.

Yale & Towne Mfg. Co., a newcomer, will triple its employment as it supplements its present production of the "Tip Toe" iron (BW-Apr.19'47,p65) with a new line of toasters and coffee-makers.

Buffalo Pottery Inc., which made a record in 1947 with sales of \$1.5-million, plans to increase its production in 1948 by 40%.

Republic Steel Corp. is spending \$1-million on a high-pressure blower system; this will increase production of pig iron from 900 to 1,050 tons a day.

Worthington Pump & Machinery Corp. is operating at 100% capacity, and expects to continue at this rate for some time. Two thousand are employed—a peacetime peak.

Buffalo Forge Co. output is now about three times prewar output in dollar volume. The company says its operations are limited only by the sheet steel shortage—it has plenty of orders. The present labor force of about 1,200 is over the company's wartime peak employment.

Barcalo Manufacturing Co. is budgeting 1948 sales at a record high. The company makes drop-forged wrenches and pliers, bedding products and steel summer furniture, as well as upholstered furniture.

Anchor Concrete, completing a \$150,000 addition to its \$350,000 plant, expects to raise 1948 output 50% over 1947. The plant has added a night shift for the first time in its history.

Buffalo Bolt Co., hampered by material shortages, has been operating at 70% capacity, producing 14-million bolts a day.

Spencer Kellogg & Sons, Inc., a leading manufacturer of vegetable and linseed oils, thinks peak operations will continue through 1948. The company is experimenting with new special oils.

National Gypsum Co. expects a 25% increase in production in 1948, first fruits of a \$30-million expansion program started several years ago.

Detroit Steel Products Co., with a three-months' backlog of \$1-million in orders, hopes material shortages will ease so it can double its labor force of 200.

Donner-Hanna Coke Corp. plans to maintain peak production in 1948.

Pratt & Letchworth Co., which has a five-months' backlog of orders for castings, plans to operate at 100% capacity this year.

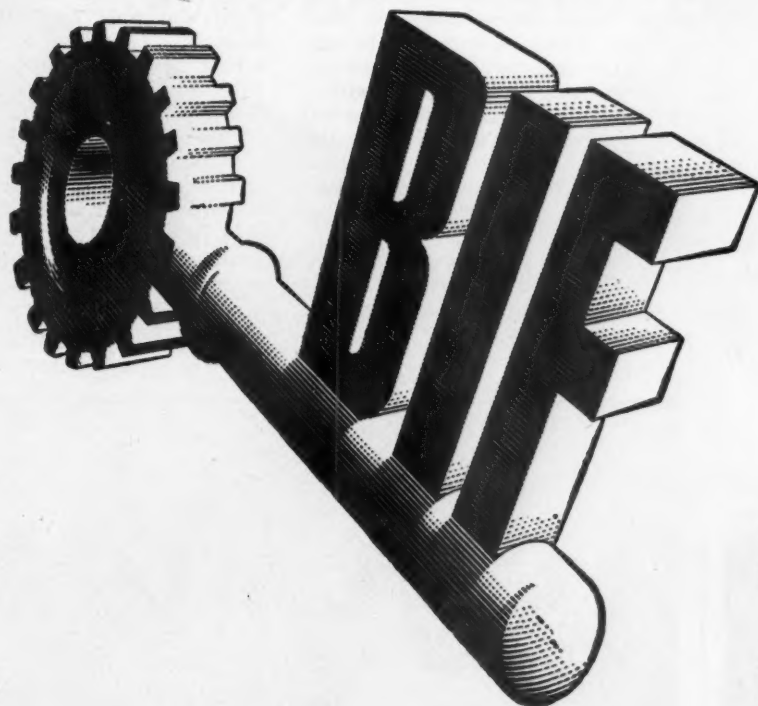
Ford Motor Co. expects to increase production in its Buffalo plant by 25% to 30% this year. It will spend some \$250,000 in retooling.

Bell Aircraft, with its new Prime Mover (BW-Jan.10'48,p39), expects to increase employment to handle assembly line production of this new product; meantime helicopter output will push ahead.



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FINANCE

Detroit Bank on the Move

Industrial National's new home, open this week, climaxes 30-year record of progress. Old-time Morris Planner finds that switch to commercial banking, plus new ideas, has paid off.

This week Detroit's Industrial National Bank settled into new headquarters. The move dramatized to banking circles that the "Ford of banking" is going places, literally and figuratively.

• **Progress**—Industrial National's growth and progress point up the theory that you can carry over into commercial banking the home-spun policies of non-commercial banking—and make them pay.

Industrial's new home is on Grisworld Street—the Wall Street of Detroit. The bank occupies the entire building. Gone are the days when, as in its old

quarters, customers had to take a one-flight walkup or elevator ride to do business.

• **First 24 Years**—Industrial started in 1917 as the Industrial Morris Plan Bank. In the 24 years that followed, it earned the tag of the "Ford of Banking" because of the large number of small loans it made to customers.

Then in 1941, it took its first big turn. It branched out from a consumer banking operation into the wider field of commercial banking.

• **Likes Small Loans**—But though it made no bones about being in the mar-



Insurance Housing Projects—Going Up

These buildings, rising under the towers of Manhattan, are symbols of the role that life insurance companies are playing in the post-war housing picture. They are the Metropolitan Life Insurance Co.'s adjoining housing projects, Stuyvesant Town and Peter Cooper Village. When they are completed, they will house some 31,000 people.

Despite rising building costs, U. S. insurance companies now have 23 income-producing housing projects in the blueprint

stage or under construction. They will provide the insurance companies with a hedge against lowered returns on security investments (BW—Jul. 12'47, p78) and will provide some 100,000 people with homes. All told, these projects are expected to cost more than \$250-million. Metropolitan's projects in Manhattan (Peter Cooper and Stuyvesant, plus Riverton in Harlem) account for about half of this. The company's estimated outlay: \$130-million.

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A VISION TELLS THE STORY. There's no frost on *Thermopane* show window above. But vision through the ordinary window is obscured in cold weather. Waltham (Mass.) Super Market. Architect: Sumner Schein, Boston.

➤ THERMOPANE STAYS CLEAR. This enlarged, unretouched snapshot dramatizes *Thermopane*'s clarity, on left, in a floral shop where humidity fogs single glass at right. Mangel Florist, Wilmette, Ill. Designer: Donald Stuart King, Chicago.

These two photographs illustrate the striking efficiency of *Thermopane**, Libbey-Owens-Ford's mass-produced insulating windowpane. Note condensation and frost on the regular glass, while *Thermopane* in the adjacent window in each installation is clear.

Thermopane is composed of two or more panes of glass with dehydrated air between...bonded into a unit with L-O-F's *Bondermetic Seal**. The sealed-in dry air insulates...helps prevent moisture forming on the inside surface. *Thermopane* also reduces heat loss

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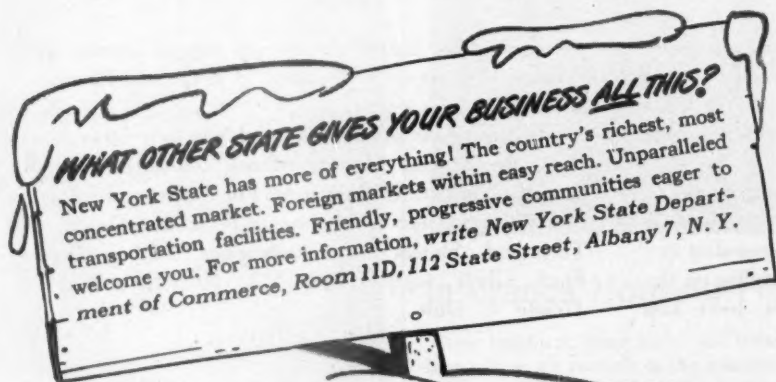


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ket for bigger business, it kept up its small loans. It intends to hang on to them. Most of its business comes from average-size business concerns and from people in low-to-medium income brackets.

When it changed over into commercial banking, Industrial changed its name too. The reason: The name "Morris Plan" implied a more limited service than the growing bank had to offer. Before the bank could sell its new services, it had to explain its name. Even before conversion, it was calling itself simply the "Industrial Bank."

• **The Record**—The records of Industrial National since its change of name and operation testify to the wisdom of this thinking. Here they are:

	Dec., 1940	Dec., 1947
Total resources.	\$19,000,000	\$85,000,000
Capital	500,000	1,500,000
Surplus	1,000,000	2,000,000
Undivided profits	385,603	922,000
Earnings (for year) ...	318,592	569,087

In the seven years since 1941, it has paid out over \$1-million in dividends.

When it converted, Industrial had six branches, 223 employees. Today, it has 12 branches (including its newest office) and 600 employees. At conversion time, Industrial was the smallest of the seven banks in downtown Detroit; now it is fifth.

• **Theme: Service**—The change to commercial banking accounted for much of this expansion. But a progressive and aggressive philosophy did at least as much.

Its Morris Plan beginnings grounded the bank's officers in their basic theme song, customer service. This covers a lot of ground. It means, as far as loans go, saying yes instead of no wherever possible—a policy of looking for ways and means of making any financially sound loan, not turning it down. It means keeping on the alert for ways to serve old customers better, and attract new ones.

• **New Ideas**—Under this last head come some of Industrial's best ideas. In 1946 it advertised "Stork Loans" for new parents, from \$100 to \$500 (BW—Apr. 13'46, p50). Last year, it instituted "Traveloans," by which people can travel and pay later. Both of these ideas brought in small borrowers, who otherwise might never have opened accounts with Industrial National.

For Industrial, pioneering in new service is a tradition. In 1919 it was the first bank in Detroit to accept an automobile as collateral. Today, it makes loans on airplanes, boats, or any other sound collateral.

Since 1917, Industrial has granted a total of 140,000 automobile loans. It made over 104,000 home-modernization

loans under Title I of the National Housing Act—amounting to \$45-million.

• **Improved Methods**—This constant search for better ways of doing things has spread through practically all the bank's operations.

Last year, for instance, Industrial set up a system that eliminated the need for pass books in commercial accounts. The depositor hands the teller a slip showing the amount of the deposit. A machine records the amount, writes the customer's receipt. By the end of the day, the machine has totaled deposits, providing an easy check for bookkeepers. Industrial estimates that the installation has saved 20% of the time formerly required per customer at a teller's window.

• **The Employees' Dividends**—For employees, the bank has a novel "service dividend" plan. Size of the dividends is not based primarily on length of service; initiative, judgment, resourcefulness, and dependability count first. During the 25 years the plan has been in effect, about 10% of all earnings have been so distributed yearly.

Industrial has even tried to pep up directors' meetings. Like many a good school teacher, it has found a blackboard a big help in putting over complicated figures.

The bank operates a 15-man salesman staff. Each salesman has a set territory; it is his job to sell banking services to prospective and actual customers—whether commercial or consumer clients—on whom he calls.

• **Deposits and Loans**—Industrial now has about \$76-million in total deposits; \$45-million in consumer savings accounts, \$31-million in commercial deposits. About 65% of total deposits are out in loans; this is almost twice the average throughout the banking industry.

Consumer loans haven't suffered any by the conversion to commercial banking. Of Industrial's 1,704,500 loans in its 30 years of life, 393,219 loans or 23% have been made since 1941.

• **At the Helm**—Three men are largely responsible for charting the bank's course. All three are Industrial veterans, with the bank since its founding. They are: Eugene W. Lewis, chairman of the board; Glenn F. Turnbull, president; and A. G. Ropp, executive vice-president.

CHIPS IN CHIPS

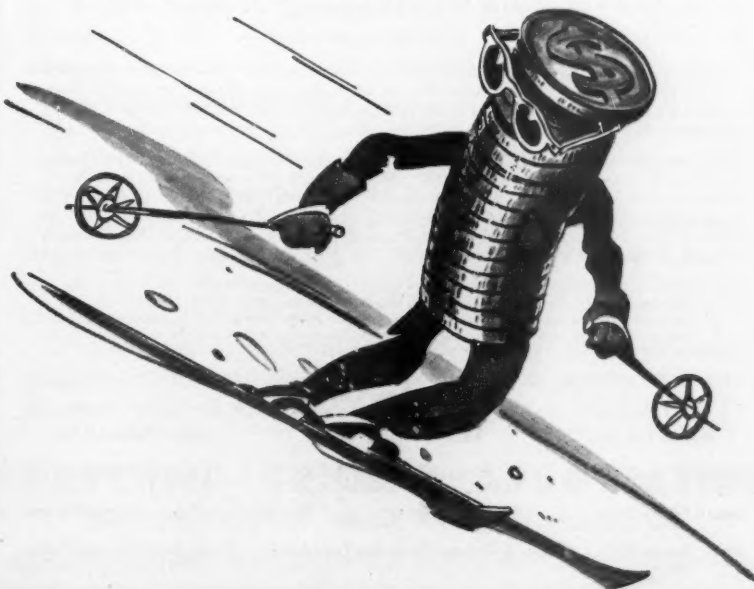
In the kitchen of his home at Tacoma, Wash., Marcus Nalley made potato chips. He delivered them himself to grocers and to private homes. In 30 years Nalley outgrew his kitchen. He opened plants in Tacoma, Spokane, and Vancouver, B. C., and added new products—mayonnaise, pickles, popcorn,

Tax rates are

DOWN

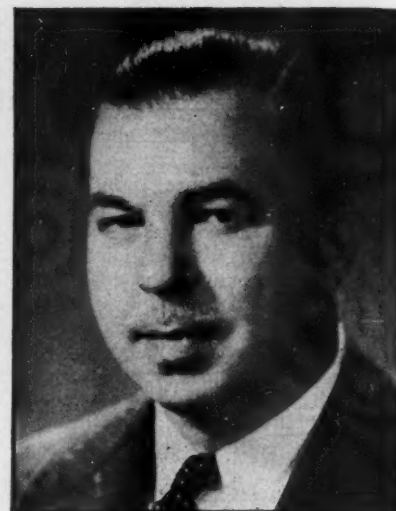
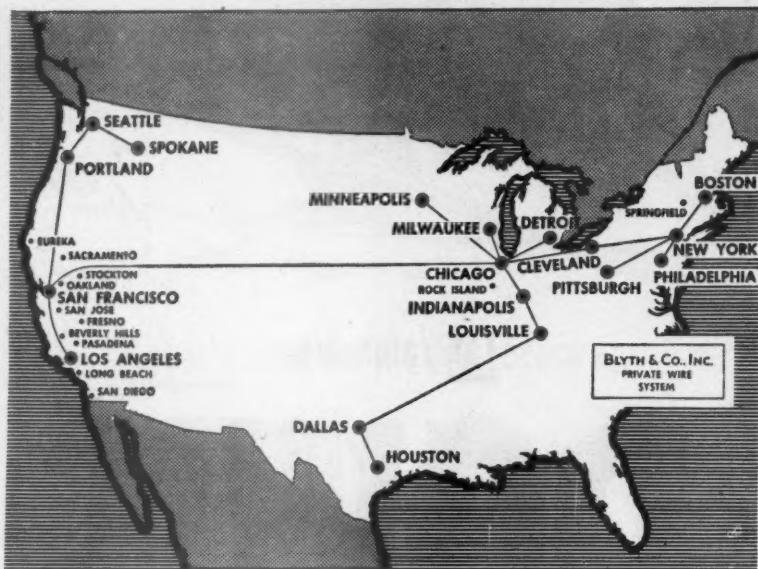
in New York State

Business taxes—corporate and unincorporated—are down 25%. Personal income tax cuts totaled \$386,000,000 in the past five years. No state sales tax, no excess profits tax. And in the past three years unemployment insurance tax credits to business firms reached \$300,000,000. It *pays* to locate in New York State.



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UP AT AIR REDUCTION

Into the president's post at Air Reduction Co., Inc., last week stepped John A. Hill. He took over from Charles S. Munson, who becomes chairman of the executive committee. Hill, 43, went to work for Air Reduction in 1939 after a tour of duty with the company's law firm. He became a vice-president in 1945.

sirup, peanut butter, and canned beef.

Now he has filed an SEC registration statement for the sale of close to \$1-million in common stock. The statement reveals for the first time the volume of sales that has sprouted from the little kitchen. In 1946 sales reached \$7,301,000; net income after taxes reached a peak of \$502,000. Last year sales rose to \$7,500,000; but, with tighter margins, net was off substantially.

MOVIE EARNINGS OFF

The motion picture trade's earnings began sliding downhill some months ago (BW-Dec. 6 '47, p94). From reports out last week it was apparent that they were skidding even faster than expected.

Net profits of Loew's, Inc. (Metro-Goldwyn-Mayer), came to only \$1,255,000 in the 12 weeks ended Nov. 20, 1947; in the same 1946 period Loew's rolled up earnings of \$3,651,000. Profits of Warner Bros. Pictures, Inc. were reported to be running at an annual rate of \$1.60 a share; in its 1947 fiscal year they were \$3.02 a share. And Universal Pictures Co., Inc., revealed that its earnings added up to only \$3,230,000 in 1947 vs. 1946's \$4,565,000 net.

Until recently Wall Street had expected that the movies would keep up their dividend rates at their 1947 level despite the dark profits outlook. However, Universal Pictures has just cut its former 50¢ quarterly dividend to 25¢.

This is under no circumstances to be construed as an offering of this Capital Stock for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Capital Stock. This Stock is initially being offered by the Company to its Stockholders and such offering is being made only by means of the Offering Prospectus.

NEW ISSUE

January 29, 1948

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Prior to the expiration of the Warrants, the Underwriters will offer Capital Stock, purchased or to be purchased by them, at an offering price which shall be no more than the last sale price of the Stock on the New York Stock Exchange in the last preceding 24-hour period nor less than \$51 per share. The offering price may be varied each 24-hour period but, it is intended, shall not be varied within any such period except that it may be reduced.

Copies of the Offering Prospectus may be obtained from any of the several Underwriters, including the undersigned, only in States in which such Underwriters are qualified to act as dealers in securities and in which such Prospectus may legally be distributed.

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Smith, Barney & Co.	Stone & Webster Securities Corporation	Union Securities Corporation

ers, chemical workers, and hotel and restaurant workers are also wide open for white-collar workers in their industries.

• **C.I.O.'s Union**—The U.O.P.W. now claims 75,000 members. About 50,000, it says, are in insurance, social service, technical, and scientific job groups; only about 25,000 are listed as clerical and office workers. The greatest concentration of union members is in the New York City area.

U.O.P.W., listed as left-wing in C.I.O., hasn't yet complied with the non-Communist affidavit requirement of the Taft-Hartley law. Its president is James H. Durkin (picture, page 91).

• **A.F.L.'s Union**—A.F.L.'s Office Employees International Union, chartered three years ago, now reports a paid membership of 35,000. It claims 500 contracts, administered through 200 local unions in 38 states, Alaska, Hawaii, the District of Columbia, and six provinces in Canada.

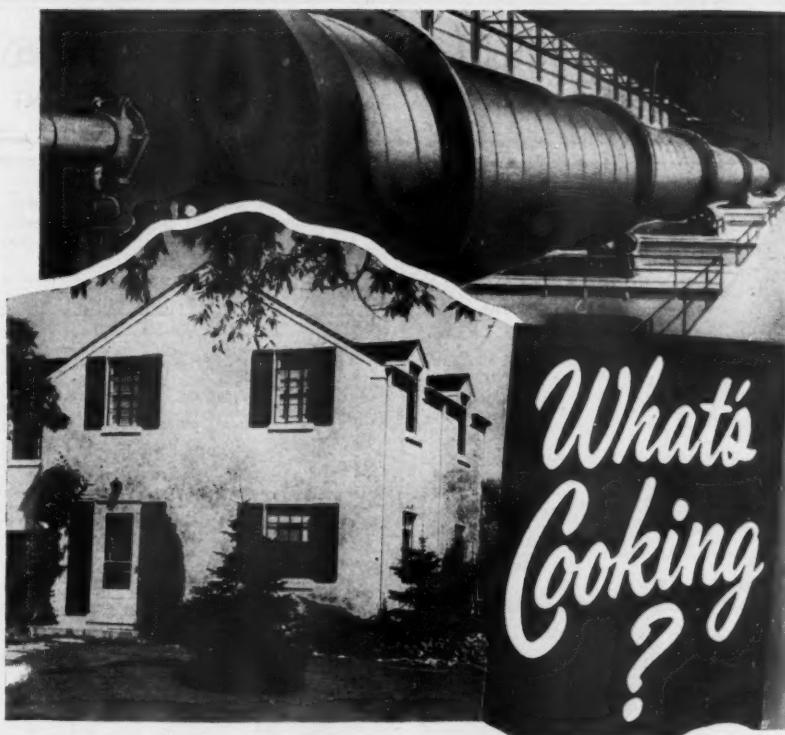
Membership is restricted to office and clerical workers. O.E.I.U. does not take in government and railroad employees. Hutchings, its president, has reported "substantial progress" recently in organizing white-collar workers in the pulp and paper industry. Gains currently are being made, too, in oil refineries around Sabine, Tex., and in public utilities. The union also is active in organizing office workers in the retail and wholesale industry. And it has a campaign under way among employees of Wall Street brokerage firms in New York City.

One of O.E.I.U.'s strongest contracts is with Hollywood movie studios. It also claims substantial contracts covering the New York Stock Exchange, the Cotton Exchange, and the Curb Exchange.

The union is firmly right-wing. It was the first in the country to comply with the Taft-Hartley law requirement of non-Communist affidavits—although



A.F.L.'S SPOKESMAN for 35,000 union office workers is Paul R. Hutchings



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it opposes the T-H law and wants it repealed. O.E.I.U.'s constitution bars from membership anyone who "advocates or lends support to organizations or movements whose purposes and objectives are contrary to the fundamental principles" of this country and Canada. The union has ruled officially that this restriction applies to Communists and party-liners.

• **An Independent**—The independent National Federation of Salaried Workers, with headquarters in Pittsburgh, claims to represent 25,000 white-collar workers. Most of them are in electrical, steel, aluminum, fabricating, and glass industries. Its president, and one of its founders, is Leo F. Bollens (BW—May 19'45,p106).

• **Production Unions**—Among C.I.O. production workers' unions interested in white-collar workers are:

United Electrical Workers. Claims to represent 52,000 white-collar workers, about 10% of its total membership. U.E. has about 100 separate locals, or divisions in production locals, for salaried workers. Biggest white-collar strength is in General Electric Co., but there's a concentration, too, in Westinghouse Electric Corp. U.E. handles the particular problems of salaried workers separately from those of production groups, but applies its "overall policy" to them.

United Steelworkers of America. Represents about 30,000 salaried workers—clerical and technical. The heaviest concentration is in Pittsburgh; Chicago (including Gary, Ind.); Sparrows Point, Md.; New England; and California. The union has separate contracts for some of its salaried workers; most are covered by production workers' contracts.

United Auto Workers. Little publicity is being given to white-collar membership, probably because it's nothing to boast about. There are several white-collar U.A.W. locals, but the total membership probably wouldn't top 5,000. There are periodic demands for organizing salaried workers in U.A.W.-contract plants (a potential 90,000 workers) but the union has only one full-time white-collar organizer in the field at present.

Some others. The United Rubber Workers is reported to have "substantial" numbers of white-collar workers organized. The Industrial Union of Marine & Shipbuilding Workers had heavy membership in shipyard offices at its wartime peak. And there are notable white-collar memberships in the Amalgamated Clothing Workers; American Communications Assn.; Farm Equipment Workers; Longshoremen's & Warehousemen's Union; Mine, Mill & Smelter Workers; Oil Workers; Textile Workers; Transport Workers; and Utility Workers.

G.M. Cited

NLRB's first complaint against an employer under T-H law may complicate wage-bargaining with U.A.W.

The long-time animosity between General Motors Corp. and the United Auto Workers (C.I.O.) is flaring anew. The spark is an NLRB complaint, sought by the U.A.W. and issued last week, charging G.M. with unfair labor practices.

• **First Complaint**—It's the first complaint issued by the Taft-Hartley board against an employer, will be heard starting Feb. 10 in Detroit. It charges that General Motors violated the T-H law by revising its group insurance plan (BW—Nov. 29 '47, p74) without consulting the union.

The charge is based on a clause in the wage settlement agreement between General Motors and U.A.W. last April. It stipulated that negotiations on pensions and social benefits would be conducted later.

• **No Dead Letter**—At the time, it seemed definite that the clause was a hedge against the possibility that a pension plan might be completed and approved at Ford Motor Co. When the Ford plan failed (BW—Sep. 27 '47, p98), the clause did not become a dead letter.

Instead, U.A.W. used it for its present complaint. The union argues that it had sought preliminary discussions with G.M. on social security demands. Pending the NLRB hearings, a federal court order has delayed installation of the new insurance plan.

• **Effect on Bargaining**—The hearing is expected to complicate bargaining negotiations over wages, scheduled for late April. It may give the union an added weapon in those discussions.

Meanwhile, vague signs appeared that U.A.W. president Walter Reuther did not lead a completely united front in his demands. From Flint, long a stronghold of Reuther opposition, came a letter from a union politician asking that some department other than G.M. spearhead the union's 1948 wage campaign. Reason cited for the letter: fear that the demand could result in another long strike, like that at G.M. during 1945-46.

• **Chrysler's Turn?**—About the same time, the Chrysler department of the union moved its forthcoming wage strategy meeting a week ahead—to Feb. 13 and 14. Some observers saw in the change of date the possibility that Chrysler locals would carry the wage ball this time. But there was no concrete evidence that a choice had yet been made.

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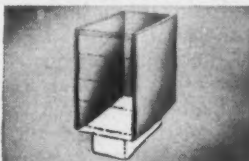
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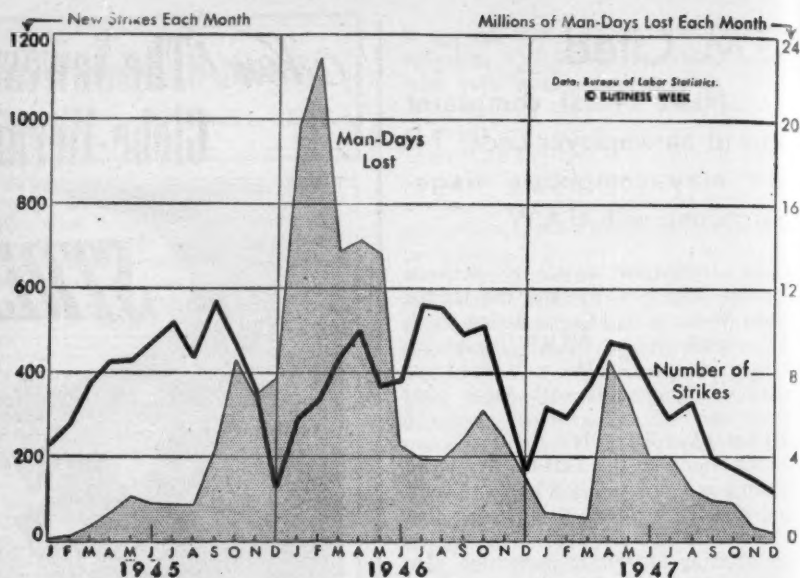
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Strike Curve: How High Will It Go in '48?

The seasonal low in strikes has passed; the upswing is under way. Within the next three months it should be possible to know whether 1948 will be a relatively peaceful year on the labor front. Note that the difference between a "good" and "bad" year is not to be found in the number of strikes; it is to be found in their magnitude and

duration—the man-days of idleness caused. Thus 1946, by far the worst strike year in the nation's history, saw 4,985 walkouts, only 235 more than the comparatively peaceful year that preceded it. Man-days lost, however, reached the staggering total of 116-million in 1946, as contrasted to 38-million in 1945 and 35-million in 1947.

What's the Score on T-H Law?

Preliminary congressional report indicates that no changes will be recommended. Committee studies operation of law so far, reviews labor-relations techniques in sample plants.

Since last July a committee of Congress, through a small staff of eight men, has kept a sharp eye on the operation of the Taft-Hartley law. It has also: (1) studied unusual labor relations techniques in individual plants, and (2) dipped into industrywide bargaining and welfare plans.

End purpose of this joint Senate-House committee, as specified in the T-H law, is to come up on Jan. 2 of next year with a report on how the law has worked and what, if anything, Congress should do about changing it. A preliminary report is due Mar. 15.

• **Progress Report**—This week it looked sure that next month's report will contain no recommendations for amending T-H. It will be little more than a progress note.

The March report, as now planned, will be split into two main sections. One will detail how labor and management have fared during the nine months since T-H became law. The other will delve into the problems of industrywide bargaining, and how it works in one indus-

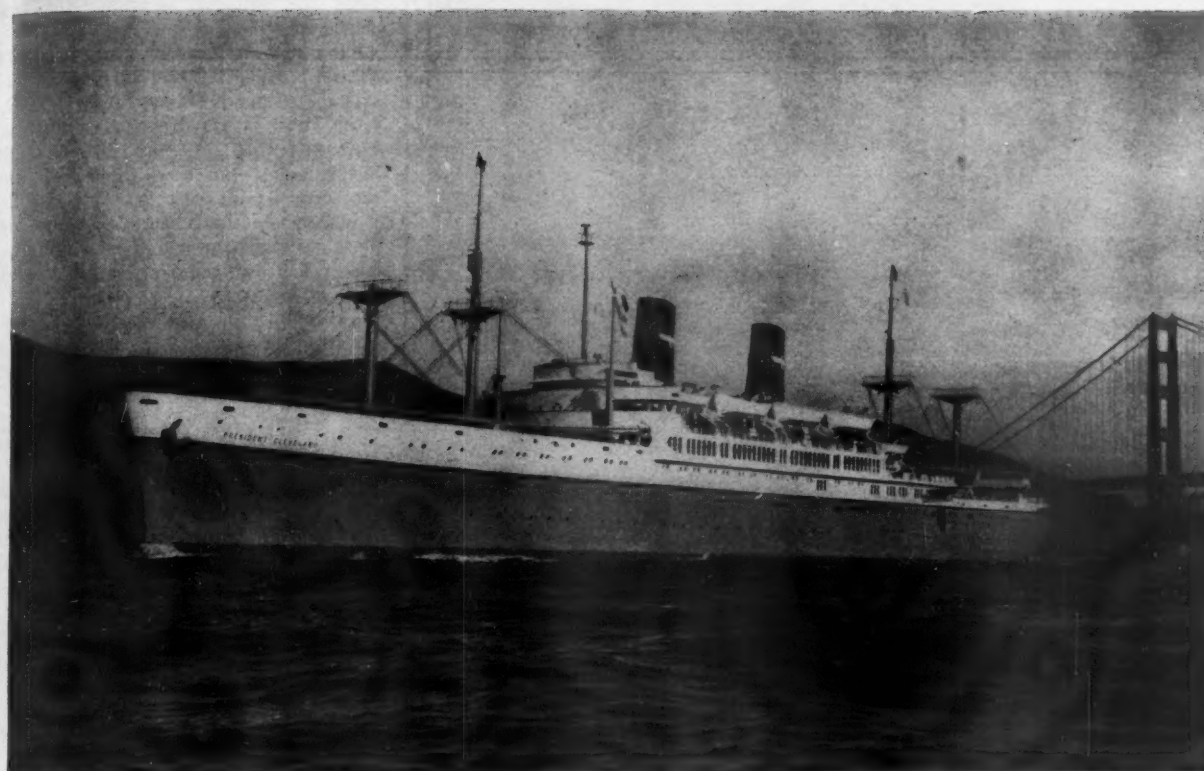
try—men's clothing. Studies were made in eight plants.

• **Checkup**—Every move of the National Labor Relations Board and the Federal Mediation & Conciliation Service and the amount and type of business they are getting have been noted by the committee staff. It has kept check on the damage suits filed by both employers and unions; it has also kept tab on the extent of union compliance with the registration and non-Communist affidavit requirements of the law. Here are some of the things happening:

• **Damage suits**—About 30 have been filed in federal courts, practically all of them by employers.

• **Compliance**—Up to mid-January, 72 A.F.L., 31 independent, and 21 C.I.O. unions had qualified for NLRB assistance.

• **Elections**—New records are being set every month. In December alone, 1,825 election petitions were filed. This was only 37 less than were filed between Aug. 22 and Nov. 31. The 796 elections held during December broke all records



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How workers vote—Unions aren't winning bargaining elections so often as they did in pre-T-H days. And they are losing most of the decertification polls. But, up to Dec. 31, they had won all but three of the 664 union-shop authorization polls.

Unfair practice charges—Unions are filing six times more than employers. More than 100 charges against unions have come from individuals.

Contract filings—The Bureau of Labor Statistics is getting 150 agreements a week for its files, expects soon to list them publicly.

Strikes—The number has fallen every month, reaching a 1947 low of 120 in December.

Political activity—Unions will fill their campaign chests through voluntary contributions. Illegal expenditures of union funds in Baltimore, Allentown, Pa., and Connecticut are being investigated by the Justice Dept.

• **Case Studies**—These aspects of employer-employee relations were studied by the committee staff in the following plants:

• Reynolds Tobacco Co., Winston-



A.F.L.'S POLITICAL CHOICE

Former Sen. Burton K. Wheeler (above), a Montana Democrat, this week was picked to head A.F.L.'s new Labor's League for Political Education (BW—Jan. 10 '48, p92). Whether he would step into the \$20,000-a-year job hinged, at midweek, on some political differences with A.F.L.

Most important of these differences, Wheeler doesn't like the idea of opposing any congressman solely because he voted for the Taft-Hartley bill; A.F.L. says that vote must be the test for L.L.P.E. backing.

A.F.L.'s choice of Wheeler—who lost his Senate seat in 1946 after four terms—was a bid for political cooperation from other unions. Wheeler has strong backing in the railroad brotherhoods.

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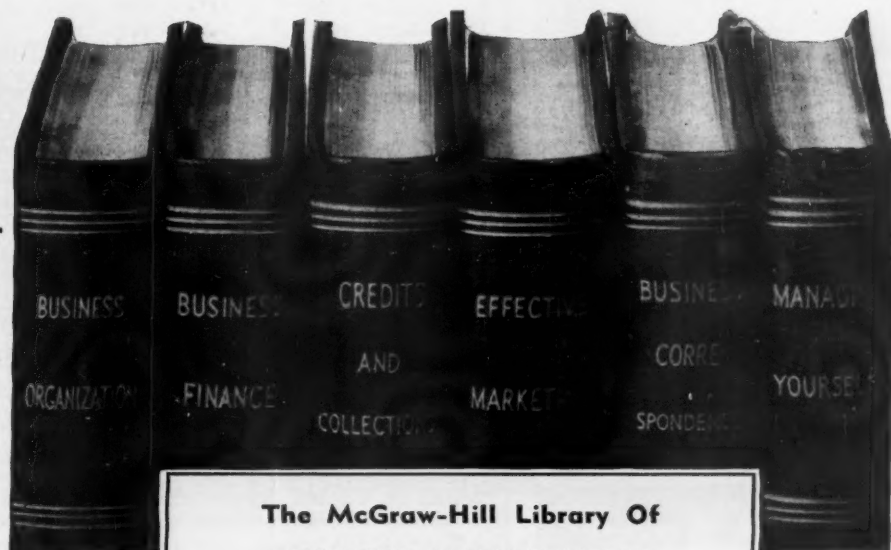
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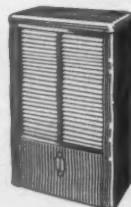
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	Food	Clothing	Rent	Gas & Elec- tricity	Other Fuels & Ice	House Fur- nishings	Misc.	Total Cost of Living
August, 1939	93.5	100.3	104.3	99.0	96.3	100.6	100.4	98.6
January, 1941*	97.8	100.7	105.0	97.4	104.2	100.1	101.9	100.8
December	113.1	114.8	108.2	96.7	111.3	116.8	107.7	110.5
December, 1942	132.7	125.9	108.0	96.8	115.5	123.7	112.8	120.4
December, 1943	137.1	134.6	108.1	96.0	122.4	127.9	118.1	124.4
December, 1944	137.4	142.8	108.3	94.8	123.6	143.0	123.1	127.0
December, 1945	141.4	149.4	108.3	94.0	126.1	148.3	124.8	129.9
December, 1946	185.9	176.5	108.8	92.0	138.3	177.1	136.1	153.3
January, 1947	183.8	179.0	108.8	91.9	132.1	179.1	137.1	153.3
February	182.3	181.5	108.9	92.2	142.3	180.8	137.4	153.2
March	189.5	184.3	109.0	92.2	142.5	182.3	138.2	156.3
April	188.0	184.9	109.0	92.5	143.8	182.5	139.2	156.2
May	187.6	185.0	109.2	92.4	142.4	181.9	139.0	156.0
June	190.5	185.7	109.2	91.7	143.0	182.6	139.1	157.1
July	193.1	184.7	110.0	91.7	146.6	184.3	139.5	158.4
August	196.5	185.9	111.2	92.0	154.8	184.2	139.8	160.3
September	203.5	187.6	113.6	92.1	156.3	187.5	140.8	163.8
October	201.6	189.0	114.9	92.2	157.4	187.8	141.8	163.8
November	202.7	190.2	115.2	92.5	160.5	188.9	143.0	164.9
December	206.9	191.2	115.4	92.6	162.0	191.4	144.4	167.0

* Base month NWLB's "Little Steel" formula.

Data: U. S. Bureau of Labor Statistics; 1935-39 = 100.

Salem, N. C., and International Harvester Co., Chicago—problems raised by left-wing C.I.O. unions.

- Murray Corp. of America, Detroit—good relations with the U.A.W.-C.I.O. until last summer's strike over union's insistence on protection against T-H damage suits.

- Botany Mills, Inc., Passaic, N. J.—a labor school sponsored by the company and its C.I.O. textile union. The school educates both foremen and shop stewards in grievance machinery and terms of the C.I.O. contract.

- Lincoln Electric Co., Cleveland—no union. Incentive plan brings production worker's average earnings over \$5,000 a year.

- George A. Hormel & Co., Austin, Minn.—model annual wage, profit-sharing and incentive plan.

- B. F. Goodrich Co., Akron—six-hour day, worker productivity.

- Pittsburgh Plate Glass Co., Pittsburgh—joint bargaining with Libbey-Owens-Ford Glass Co. Use of outside industrial relations expert to "coordinate" agreement.

P. S.

C.I.O.'s textile workers this week won a third-round wage hike of 15¢ an hour in contracts signed with New England woolen mills. The union also got more vacation pay, \$500 life insurance policies paid for by employers. Also in New England, C.I.O.'s fur and leather workers signed contracts with tanneries for raises ranging from 11¢ to 14¢ an hour.

The C.I.O. steelworkers' union announced it will decide on third-round pay demand in Pittsburgh Feb. 18. It will be the last of C.I.O.'s "Big Three" to map a 1948 wage drive (BW—Jan. 24'48, p72). The electrical workers' union this week notified Westinghouse Electric Corp. that it plans to seek revision of its contract, which expires Apr. 1.

Members of Local 600 of the United Auto Workers (C.I.O.) at Ford Motor Co. have voted 7,548-4,658 to require officers to sign Taft-Hartley non-Communist affidavits. Although it's U.A.W. policy to sign (BW—Nov. 22'47, p100), five of the local's officers had balked.

A.F.L.'s meat cutters have accepted a 9¢-an-hour pay hike from Swift & Co. and Armour & Co. The C.I.O.'s packinghouse workers, who have demanded 29¢ raises, called the A.F.L. terms "totally inadequate." The C.I.O. union ordered a strike vote among its 100,000 members in packing plants.

The fact-finding panel named by President Truman to sift issues in the national railroad wage dispute got down to business this week. Under the Railway Labor Act, this delays a rail strike threat at least 60 days (BW—Jan. 24'48, p79).

The Pictures—Acme—22, 52; Int. News—26; Press Assn.—34; Harris & Ewing—98; Robert Yarnall Richie—24, 25; Martin J. Kotrba—Cover.

INTERNATIONAL OUTLOOK

BUSINESS WEEK

FEBRUARY 7, 1948



Russia is now ready to do some horse-trading with the West.

That's what Washington reads into Moscow's offer to cut reparations claims against Austria.

The Russian offer comes up at the London meeting of Deputy Foreign Ministers (Feb. 20).

If the deputies settle the claims issue, you can expect an Austrian peace treaty to follow.

Once the treaty is signed, Russian, American, British, and French troops would leave Austria. And Soviet forces would have to get out of Hungary and Romania, too. (They have been allowed to remain there to protect communications to Austria.)

Moscow's claims on Austria have been cut in half—from about \$7-billion to \$3.5-billion.

That \$3.5-billion is the estimated value of Soviet demands for:

- (1) Concession rights for 50 years to two-thirds of Austria's total oil production;
- (2) Concession rights over the same period for oil prospecting in two-thirds of all undeveloped areas in eastern Austria;
- (3) Refining capacity for 450,000 tons of crude oil annually; plus all distribution of oil in eastern Austria;
- (4) Assets of the Danube Shipping Co. located in Hungary, Bulgaria, and Romania; plus 25% of the company's assets in Austria.

In return for whittling reparations down 50%, Russia wants a \$200-million cash consolation.

It's here that the rub comes. The money is to be paid in two years—in freely convertible currency. And that's more hard cash than the Austrians can possibly dig up.

The Austrians seem ready to meet Moscow's new demands. They'll pay almost any price to get the Russians out.

But Washington, London, and Paris will balk at the \$200-million cash settlement. What they're after is a compromise something like this:

- (1) Reduction of the figure to \$150-million. (France proposed \$100-million at the Foreign Minister's Conference in London late last year.)
- (2) Payment of the smaller sum in factory equipment and current output. (Otherwise the U. S. would have to fork out the dollars for Russia.)
- (3) Extension of the payment period beyond two years.

It looks as if Moscow is ready to do some trading in Germany, too.

After waiting for almost two years, the Russians have started reciprocal shipments of reparations.

Since March, 1946, Russia has received about 100-million reichsmarks in equipment from the western zones. At Potsdam, Russia had agreed to pay back 60%—in commodities.

Now Russia has shipped 5-million R.M. worth against the 60-million R.M. debt.

The first instalment includes wheat, gasoline, diesel oil, timber.

These goods will be delivered to eight countries in the democratic bloc

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

FEBRUARY 7, 1948

and two in the Soviet sphere (the U. S. is leaving its share in Germany).

The U.S.S.R. has whipped up the biggest budget in its history.

Soviet Finance Minister Zverev figures 1948 expenditures at 388-billion rubles, revenue at 428-billion rubles.

Funds for the Russian armed forces are down slightly from last year. But the military will still get 66-billion rubles, or \$12.5-billion at the official rate of exchange. (President Truman has asked Congress for \$11-billion.)

Even this figure is deceptive. It doesn't include funds for (1) scientific research (up 7% from last year); or (2) money for war plants.

Capital expenditures on projects slated for completion this year are set at 60.9-billion rubles. You can be sure that some of this money is going into military construction.

Zverev expects trouble raising his budgeted income.

The state is taking a big loss by closing down its nonrationed, high-price commercial trading. It went out of this business after the December currency shuffle (BW-Dec.20'47,p20).

Result is that other state enterprises will have to boost their profits. Nine Moscow plants have already "pledged" themselves to get along without state subsidies, reduce production costs.

Washington was as surprised as London when Iraq called off its defense treaty with Britain.

The new pact was signed only three weeks ago by Iraq's prime minister (BW-Jan.24'48,p84). It was more favorable to Iraq than the existing 25-year treaty dating from 1930. (The British retained only the right to use Iraq's air bases; before they had full control.) But when the legislature failed to ratify the pact, the deal blew up.

Washington figures this is what happened: Iraq's growing nationalism burst into flame overnight. It was fed by the left, which played on the fanaticism of students. The right also joined in; it was led by Rashid Ali El Kilani, the pro-Nazi leader kicked out of Iraq by the British in 1941.

The next move isn't too clear. The British think their strategic interests in Iraq continue to be covered by the 1930 pact. But with Iraq in an ugly mood, you can't tell.

Despite the headaches, most big engineering firms are still keen to sell the world their know-how.

That's what 60 key U. S. firms said in a confidential survey conducted by John Nasht & Associates (international public relations firm).

Their answers show that: 40 are ready to take on additional foreign contracts in the near future; 20 expect the European Recovery Program to give their foreign business a lift; 12 are taking active steps to develop new business under ERP.

U. S. traders are getting a better break in Japan.

Starting this week, more businessmen can get an O.K. to visit Japan.

The 21-day limit on visits has been extended. The private trader can now stay 60 days; or, even longer, if the U. S. Army in Tokyo approves.

Japan will be open also to Americans who want to get back property, or look into opportunities for new investment.

BUSINESS ABROAD



NEW INDUSTRIAL ENTERPRISES built and still being operated by the Puerto Rico Industrial Development Co. include these across the bay from San Juan: a pulp and paperboard plant (left), a glass plant (center), and a cement works (upper right).

Puerto Rico Woos Industry

Island hopes to raise standard of living by getting U. S. manufacturers to set up branches there. One lure: a 12-year tax exemption for new plants.

SAN JUAN—Puerto Rico's industrialization program is gathering momentum. A tax-exemption plan and low labor costs have combined to bring American industrial capital and know-how to the island in force. And this promises to help solve the traditional problem of this U. S. dependency—too many people and too few jobs.

• **Two Newcomers**—Leading the list of recent investors is Textron, Inc. (BW—Jan. 17 '48, p100). Textron will establish a \$34-million print-cloth mill at Ponce—Puerto Rico's second city. Cargill, Inc., is negotiating for a \$3-million flour mill near San Juan.

Construction of both projects will be handled by the government-owned Puerto Rico Industrial Development Co. This company and its sister organization, Puerto Rico Development Bank, are leading the island's drive to bring in American industry.

• **Six Years Old**—Puerto Rico Industrial Development Co. was set up in 1942. The local legislature gave it \$20.7-million to sell Puerto Rico to American firms. The company investigates an in-

dustrial possibility, compiles a report, and presents the proposition to a likely investor. If this investor decides to go ahead, he can either tackle the job alone or use the development company as a building and loan agency. If the development company finds no takers, it can tackle the project on its own. Projects built by the development company can be sold outright or leased over a long term with an option to purchase.

To help private builders, the Puerto Rico Development Bank was formed in the same year. An investor who wants to set up shop in Puerto Rico on his own may apply for a long-term, low-interest loan from this bank. The bank gets its capital from yearly appropriations from the legislature. During the war years it received only \$500,000 a year; for the fiscal year 1945-46, however, the appropriation was \$15-million.

• **Tax Exemption**—But the bank and the development company were not able to attract enough U. S. capital. So last year the island's legislature went all out with the Tax Holiday Act (BW—Jul. 12 '47, p16). This law exempts all new indus-

tries from property, excise, and income taxes for 12 years.

Since the U. S. federal tax on corporate income does not apply to Puerto Rican business, whatever a new industry earns on the island during the tax-exemption period it may retain tax free. And it was this action that finally brought out the customers.

• **Flour Plans**—Negotiations for the Cargill mill are not yet complete. According to present plans, it will turn out wheat flour and, perhaps, animal feed. The mill is expected to produce 1,000 bbl. of flour a day; if it reaches this goal, Puerto Rico's imports of flour could be cut 75%.

Financing plans are still tentative. It looks now as though Cargill would put up about \$1-million of its own money toward the \$3-million cost of the mill; the other \$2-million would be a loan from the development company, which would hold a first mortgage on the property until the money is repaid.

• **Textile Plans**—Textron has already deposited \$500,000 with the development company as a first payment on its \$34-million installation; it will pay the rest of the cost over a 15-year period. Plans now are for an annual output of 25-million yd. of cotton cloth in the gray at the Ponce plant; the fabric will be finished at another plant on the island. The output will be marketed both in Puerto Rico and in the United States.

Textron has great hopes for its Puerto

Rican investment. If the productive effort of Puerto Rican labor lives up to expectations, the corporation plans to set up 14 small manufacturing plants throughout the island. Their estimated total annual output would be worth \$384-million.

• **Other Investors**—Many smaller enterprises have sprung up under the industrialization program. Iroquois China Co. is building Puerto Rico's first chinaware factory at Vega Baja; it will be known as the Crane China Corp. American money is behind the island's first fiberboard manufacturing plant, to go up at Arecibo. The Charms Co. and Peter Paul, Inc., have an interest in Ponce Candy Industries, Inc.

Other concerns make such varied items as men's wallets, gloves, pressed-steel and enamelware, artificial flowers, and drawing instruments.

• **Self-Help**—Despite its slow start in attracting American capital, the development company did make considerable progress toward industrialization—by building plants of its own.

These government-owned installations are still in operation (picture, page 105); most have turned in a handsome profit. Among them: Puerto Rico Clay Products Corp., Puerto Rico Cement Corp., and other plants producing glass, shoes, and paperboard.

• **Squalor**—Puerto Rico is in desperate need of industrialization. More than 2-million people are jammed into the island's 3,500 sq. mi. There will be 3-million by 1960 by official estimate. Up to now the vast majority have had to grub a living off the land—mostly in sugar and tobacco. Since only half the island is arable, this meant each inhabitant lived on the yield of half an acre. The result was squalor.

Bad living conditions caused thousands of Puerto Rican workers to migrate to the U. S. mainland—particularly since the end of the war. (Puerto Ricans are U. S. citizens; there are no quota restrictions on immigration.) This migration has threatened to nip the island's industrialization aspirations in the bud. To stem this flow, the island legislature was forced to bring emigration under strict control.

It also made sweeping reforms in the island's educational system—with an eye to increasing the productivity of the individual worker. To this end the world's largest vocational school for veterans was inaugurated recently at the University of Puerto Rico. This, it is hoped, will go a long way toward supplying skilled labor for the industrialization program.

• **Objective**—The goal is 360,000 jobs in industry by 1960—and indications are that it will be met. With the door now open to American capital, our territorial slum hopes to become a thriving community in the near future.

Bizonia Lowers Trade Bars

Allied agency gives Germans more responsibility in control of foreign trade, allows them to carry on more export and import trade with less red tape. Foreign businessmen can enter more easily.

FRANKFURT—Britain and the U. S. are streamlining the year-old Joint Export Import Agency in Bizonia (BW—Jan. 11'47, p97). This is the first major move to bolster the new "economic government" which the two powers set up early last month.

• **German Responsibility**—JEIA is now a quasi-governmental corporation. Its new charter calls specifically for "less Allied supervision and more German responsibility" in the control of foreign trade in the merged zones. This means that German exporters will now have less red tape to contend with in their dealings overseas.

The agency also has a new head. He is 56-year-old William J. Logan, a retired vice-president of New York's Central Hanover Bank & Trust Co., once an All-American football player at Princeton. Logan served as director of the War Production Board's Distribution Bureau.

• **U. S. Control**—With this appointment, the U. S. gets a controlling voice in JEIA's operations. This is in line with a recent Washington decision: Its increased dollar stake in Germany would give the U. S. a top spot in Bizonian affairs.

For some months JEIA has been giving private traders a freer rein. Last fall, in a move to stimulate Bizonia's export business, it first allowed U. S. businessmen to make trips to Germany (BW—Sep. 27'47, p109). Late in 1947, JEIA liberalized foreign trade rules even further. It permitted foreign business firms to retain German export agencies, sim-

plified all over-the-counter cash sales, and gave German importers a wider scope in their dealings abroad.

• **The Green Light**—Then came the failure of the Foreign Ministers Conference. Now JEIA has been given the go-ahead signal. Under its new rules, Germany's foreign trade moves closer to normal trade practices. Here's how the new regulations work:

• **"Reputable"** German exporters can now export certain commodities without prior Allied or German approval.

• German firms can appoint agents abroad to represent them. The agents can collect commissions in their own currency.

• German exporters can extend easier credit terms and make sales on consignment.

The new JEIA setup has promised also to open the door a little wider so as to permit the easier entry of foreign businessmen and exit of German commercial travelers. And foreign buyers have a new priority over accommodations in Bizonia.

• **More to Come**—There is more in the offing. The British and the Americans will soon have to set up a German customs service. This would be a logical follow-up to giving the Germans a freer hand over foreign trade. A state bank is in the cards, too. It will issue currency, control credit, and handle foreign exchange transactions.

The two powers are using another technique to prime Germany's export pump: In the first quarter of 1948, they will spend some \$100-million on foreign goods.

• **Trade Deficit**—This \$100-million will come out of Bizonia's "export balance" of \$186-million for 1947. This, of course, is strictly a bookkeeping figure. On the books, Bizonia exported \$222-million last year and imported \$36-million. But this import figure doesn't include food, and other relief supplies sent in by the U. S. and Britain. If these were added in, Bizonia would come off with a trade deficit running into hundreds of millions of dollars.

About 80% of the \$100-million will go directly for goods to stimulate Germany's export industries. The rest will pay for worker incentive goods and industrial reconstruction needs.

Highlights of the first-quarter procurement schedule: \$9.2-million for chemicals, \$5.5-million for ores, and \$3.5-million for nonferrous metals (including \$1.8-million for aluminum).



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PARIS LETTER

PARIS—The Schuman government threw France into a turmoil last week by calling in all 5,000-franc notes. To prevent a run on the banks, it closed down all financial institutions for two days.

These notes—the highest-denomination issue—represent 37% of the money in circulation.

The government's move was an effort to win Socialist support for its program of free trading in dollars and gold (BW—Jan. 31 '48, p83). Socialists had objected that the free market would enrich black marketeers. By calling in the 5,000-franc notes, the Finance Ministry hopes to smoke out hoarders who have falsified their tax declarations to cover up black market profits.

The government's latest monetary move differs, however, from the recent Russian banknote exchange. For holders of the French notes will receive new ones to the face value of the old.

THE CHRONOLOGY of Finance Minister Mayer's plan for choking inflation and stabilizing the franc follows:

(1) As a result of last fall's strike wave, the government was forced to increase wages about 30%, beginning Dec. 1.

(2) Because of the higher wages, the government took price controls off most industrial goods on Jan. 1. At the same time the price levels of most basic industrial products still under control were boosted at least 50%.

(3) Then came a \$1-billion forced loan. This was imposed chiefly on peasants, tradesmen, and industrialists. At the same time cuts were made in the budget.

(4) Two weeks ago the government devalued the franc and proposed to open a free market for the dollar, the Portuguese escudo, and gold. Finally it demonetized the 5,000-franc notes.

Premier Schuman and Mayer claim that these measures comprise a unified and coherent program. Few Frenchmen, however, agree with them. Many believe that the plan will lead to further inflation. None of the three labor federations supports the "Mayer Plan." And there is renewed talk in the Assembly—and the subways—of de Gaulle's return to power.

MOST COMPLICATED part of the whole picture is the technique for devaluing the franc. Here is how it works for the French importer:

Anyone who wants dollars to import U.S. goods must obtain a license from the French Exchange Control. But the number of dollars he will get for his francs depends on what goods he wants to buy.

If he wants wheat or coal, he can buy dollars cheaply at the old rate—119 francs to the dollar.

If he wants some other essential commodity—grains, oilseeds, fats, petroleum, or fertilizer—he must buy dollars from the French Stabilization Fund at the present official rate—214 to the dollar.

But if he wants any other U.S. goods, he has to buy his dollars on the new free markets now being set up on the Bourse. This may mean paying 300 to 350 francs to the dollar.

Suppose a French dealer wants to buy an American car with gold or dollars he has socked away. First he must sell his hoard for francs on the free market and fork over to the state the new 25% penalty for hoarding undeclared foreign assets. Next he has to get an import license. On top of all this, he has to reverse the whole process—and buy dollars for his car on the open market.

The French exporter should do well under the new exchange rates. With the franc officially at 214 to the dollar, he will again be able to sell his goods in the U.S. and other foreign markets. There's an added inducement for American sales: Half the dollars the exporter earns must be sold to the Stabilization Fund at the legal rate; but the other half can be sold at the higher price in the free market.

This scheme also puts the French trader in a position to do a good business selling British goods, say woollens, to the U.S. He can buy from the British manufacturer in pounds at the legal rate of 864 francs to the pound. When he resells to America he can change half the dollars he earns at the free rate. This is one of the chief British complaints about the French devaluation plan; London wants British goods sold in the U.S. to earn dollars for Britain, not for France.

ERP Is Job for Industry, Executive Tells Congress

The debate in Congress on the European Recovery Program took a new slant last week. It came from Roy W. Gifford, chairman of the board of Borg-Warner International Corp. His view: Put into the lap of U. S. business a long-range plan to revive and modernize European industry. Help should come from industry to industry rather than from government to government.

Main point in Gifford's program would be a stepping up of the export of American technical know-how (BW—Jun.26'47,p89). Channels would run from the Emergency Foreign Reconstruction Authority in Washington to subsidiary corporations in foreign countries. This was recommended by the Herter committee (BW—Jan.24'48,p25). • **Loan of Businessmen**—But Gifford's thinking goes beyond the Herter concepts in the handling of aid. He wants the requests for help referred to an American industry association or to specific industries. Their recommendations would govern the handling of the problems. They might call for a "loan" of American businessmen and technicians as well as money and equipment.

Gifford is no novice in foreign affairs. He has spent the better part of his life in overseas trade. Before coming to Borg-Warner, he was director in charge of all manufacturing for Canada's Massey-Harris Co., Ltd. He has built plants in France and Germany, has played an active part in counseling American and foreign businessmen on international relations.

FOREIGN OIL VENTURE

Sixteen years ago Standard Oil Co. (Ind.) decided to operate only in the domestic field. So it sold its foreign subsidiary, Pan-American Foreign Corp., to Standard Oil Co. (N. J.).

Now the Indiana company has done another about face. Its principal crude oil producing subsidiary, Stanolind Oil & Gas Co., has set up a foreign exploration department.

A division office will be opened at Calgary, Alta., near the promising western Canada oil area (BW—Mar.1'47, p93). This has been hailed by geologists as probably the outstanding oil discovery in North America during 1947. Another division office will be opened at Bogota, Colombia.

Main reason behind Indiana Standard's policy reversal seems to be declining crude oil prospects in the U. S. Another evidence of the company's efforts to improve its supply position is Stanolind's synthetic liquid fuel plant in Kansas (BW—Jan.24'48,p21).

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READERS REPORT:

Labor Relations Study

Sirs:

I was extremely pleased to read your editorial, "For Good Labor Relations" [BW—Dec. 27 '47, p80], in which you discussed the National Planning Assn.'s project, "The Causes of Industrial Peace Under Collective Bargaining." . . .

We were happy to note your feeling that our studies should be limited to "companies and industries which are confronted by those conditions which make the attainment of good labor relations a truly formidable undertaking." You point out that it is naturally easier to attain "sweet and lovely" industrial relations in industries where labor cost accounts for only a small part of the total cost of production, and in those which are relatively profitable or are not subjected to intense competition. . . .

These criteria have, almost from the initiation of the project, been primary concerns of the N.P.A. Technical Advisory Committee, which is selecting the 15 firms of which we are making field studies.

N.P.A. does not wish to study cases of peaceful relations where that labor peace has been purchased by the company through overly generous wage payments from huge profits.

In the selection of the companies and in the actual conduct of the field studies, N.P.A. is seriously treating the question of the competitive position of the company and of the industry of which it is a part, as well as the profit and dividend picture of the specific company in question.

One other primary criterion that we have used for the selection of the companies is to attempt to secure "transition" situations. By this we mean companies which have progressed from "bad" relations to "good" ones, for reasons apparently independent of any change in the competitive position of the company. Many of our studies will be of situations of this character.

We were happy to note that, in your editorial, you asked for nominations of companies which meet the above mentioned criteria. . . . There are still several companies to be selected.

E. J. COILL

DIRECTOR,
NATIONAL PLANNING ASSN.,
WASHINGTON, D. C.

Sirs:

. . . I believe that the Gates Rubber Co. in Denver would be a good subject for the National Planning Assn. study. It is the largest manufacturer in Denver, with more than 6,000 employees. They have an exceptionally fine program of employee benefits, and are well thought

of in this area. They have never had any major labor troubles.

J. R. McGOWAN

DENVER, COLO.

Sirs:

... You might want to look into the situation of the Detroit-Michigan Stove Co., of which John A. Fry is president. Mr. Fry ... has a labor record of which most corporation executives would be proud. Under incentive system his workers are probably the highest paid, on the average, in the durable goods industry. The average is about \$75 per week, which is considerably better than the automotive and other industries, if my memory serves me right.

Taken in conjunction with company's stable low-price policy, this might be worth covering.

RUSSELL S. SINN

ALBERT FRANK-GUENTHER LAW, INC.,
NEW YORK, N. Y.

Sirs:

... At the time the National Planning Assn. inaugurated this survey I was asked to make suggestions, which I did. Since that time I have served as arbitrator in the only dispute ever to arise between union and management of Portsmouth Steel Corp., Portsmouth, Ohio. As a result of my participation in that case, I would suggest that the labor relations of that company meet the test you suggest and therefore merit study and emulation.

LELAND J. GORDON

DENISON UNIVERSITY,
GRANVILLE, OHIO

Group Insurance Cost

Sirs:

Your story of "Group Life Business Grows" [BW—Jan. 17 '48, p. 57] was very efficiently written, but I would like to point out one error in the subsection entitled "Popular With Employers."

The article says that the employer usually pays from 90 cents to \$1 per month per \$1,000 as his share of group policy cost. Although such costs may possibly occur in extreme cases, where the preponderance of employees of an organization is well advanced in years, it most certainly would not be the general average cost per month. A more accurate figure for the average employer costs would be in the neighborhood of between 30¢ to 40¢ per month.

HARRY FISCHER

THE SPECTATOR,
PHILADELPHIA, PA.

*We meant to say that 90¢ to \$1 per month is the over-all cost per \$1,000 of group insurance for both employer and employee. The employee usually pays 60¢, the employer usually from 30¢ to 40¢.



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THE TREND

An Ominous Poll

Of the many opinion polls of 1947 we found none more arresting than that taken both in the U.S.A. and in Britain on the question of whether people would rather work for the government than private enterprise. Here are the results:

	Prefer Government	Prefer Private Employer	No Opinion
United States.....	41%	40%	19%
Britain	37%	45%	18%

For those who believe, as we do, that private enterprise is vastly preferable to government enterprise as the organizer and director of economic life, these are profoundly disturbing results. In fact, they are so disturbing that since we read them we have been in correspondence with the American Institute of Public Opinion and the British Institute of Public Opinion, which did the polling. We wanted to be sure there wasn't some mistake. There wasn't, we were told.

At first glance there might seem to be a grain of comfort in this fact: In Britain, where they are getting an ever larger dosage of government employment, it does not look as attractive as it does in the U.S.A. There is no real comfort there, however, because the probable margin of error in the poll returns may be great enough to wipe out the difference between the two sets of figures.

No, what the returns clearly mean is that private enterprise has a major job to do in changing employment preferences if a pleasant survival over the long pull is to be assured.

Disillusioned Socialist

No doubt, part of the job of making private employment more glamorous involves economic adjustments of one kind or another. But a larger part of it, we are confident, consists of cleaning out misunderstandings. Take this incident, reported by the London Daily Herald of Jan. 14:

How a newspaper train was delayed last week at King's Cross for 17 minutes was disclosed last night. A man boarded the 2.34 a.m. for the North. A ticket collector told him no passengers were permitted, but he would not leave. An inspector and the guard tried to persuade him to come out, but he said:

"This is my blinking railway now and I am just not going to get out."

The assistant stationmaster, with the aid of two railway policemen, failed to get him out as he clung to the luggage-rack. So the coach, with the man still in, was detached from the train, which then left. Eventually the man was escorted by the police to their office.

Unhappily, what the man had to say when he arrived at the police office is not reported. But it is a safe bet that

he made some very slighting remarks about the British Labor Party, and this whole bloomin' business of socializing the railroads and still not letting a poor blighter ride where he pleases.

On Behalf of Comrade Varga

We feel a special concern about the sacking of Comrade Eugene Varga, who has been top or near top dog among the Soviet experts on the non-Soviet world. One of the reasons assigned for Varga's dismissal is that he got crosswise of the party line in a highly secret new book about the situation in the western capitalist world.

Probably it was in the very course of preparing this volume, in which he is reported to have reached conclusions that stray from the party line, that Varga wrote in and asked for a copy of our Report to Executives on "Better Farming—Better Markets" (BW—Nov. 2'46, p61). We promptly sent the report. At the same time, one of our colleagues wrote Varga a chatty little note proposing a two-way correspondence; our man asked about "any new publication by you on your perspectives on the world economic outlook."

In view of what's happened to Varga since, we are worried that the note may have got into the hands of the Soviet authorities. They might have read into it a suggestion that we knew about Varga's confidential and apparently surprising book, and so added to his troubles. The fact is, so help us, Mr. Stalin, that Varga never wrote our colleague a word. All the blame for trying to start something is at this end. Varga, he is innocent!

Collective Bargaining Dynamics

By way of illustrating the irrelevance to local conditions of some national union collective bargaining programs, Arthur M. Ross (discussing "The Dynamics of Wage Determination Under Collective Bargaining" in the current issue of the American Economic Review) cites the following incident:

In 1945 the author was chairman of a tri-partite panel which held hearings on a dispute involving the Auto Workers and a parts company. After listening to a long and turgid argument concerning the union's demand for a maternity-leave clause, the panel inquired how many women were employed in the plant. The company's personnel manager consulted his records and reported that two women, one aged 49 and the other 53, were currently on the payroll.

There Mr. Ross leaves the incident. The implication is that the discovery that no babies were in prospect put an end to the maternity-leave issue. Our observation of the "dynamics" of collective bargaining, however, leads us to believe that the argument wouldn't stop there. There would still be "the principle of the thing" to be settled. So we're still wondering if provision for maternity-leave was granted; the odds, we feel, are that it was.

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